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Political & Social

Jiang Zemin Seen Consolidating His Power

HK2812013389 Hong Kong SOUTH CHINA
MORNING POST in English 28 Dec 89 p 10

[By Willy Wo-lap Lam]

[Text] In frantic year-end activities, the General-Secretary, Mr Jiang Zemin, has tried to exert his authority and build bridges to various sectors of society in an attempt to establish himself as a credible "first among equals" in the third-generation leadership.

In a flurry of outings and meetings the past fortnight, Mr Jiang, who is also chairman of the Central Military Region, has addressed audiences including the People's Liberation Army (PLA), party elders, regional cadres, factory managers, and "Hong Kong and Macao compatriots".

Analysts say Mr Jiang successfully projected his authority during a trip to the coastal province of Fujian from December 22 to 25.

He met officers and soldiers in the key Fuzhou Military Region.

In the famous Minxi Revolutionary Base Area, where Chairman Mao Zedong held forth on the arts of army-building in the pivotal Guting Conference in 1929, Mr Jiang told Red Army veterans and officers that they must live up to the "revolutionary ideals" of the "Great Helmsman" by "promoting army ideological work".

Yesterday's PLA Daily quoted Fuzhou-region soldiers as saying, "Chairman Jiang has taken time out to see our company. This means he has real feelings for the Army".

Western analysts are impressed by how Mr Jiang has attempted to endear himself with the Army and party elders, who are key determinants of whether he will remain party chief when the senior leader, Mr Deng Xiaoping, leaves the scene.

Since last autumn, Mr Jiang has made pilgrimages to "revolutionary meccas" including Yan'an, Jinggangshan, and Minxi.

A Chinese source said: "By swearing allegiance to values propagated by Chairman Mao in pre-liberation years, Mr Jiang is telling today's party elders and generals that he will always take their interests to heart."

At the same time, Mr Jiang is spearheading a drive to convince cadres in coastal regions, factory managers, and overseas investors that the open door policy begun by Mr Deng will not be rolled back.

During his trip to Fujian, he told local officials and foreign businessmen in Fuzhou and Xiamen that the reform and open door policy will be "speeded up".

Mr Jiang said: "No matter how the international situation changes, China's reform and open policy will remain unchanged."

A Western diplomat said: "Mr Jiang is trying to pick up the support which had been accorded Zhao Ziyang by coastal officials as well as overseas businessmen.

"And his salesmanship seems to be working. At least, his reputation in the West is much better than that of such other conservative leaders as Li Peng or Qiao Shi."

In his frantic manoeuvrings, however, Mr Jiang has not forgotten the man on the street.

In the past fortnight, he has repeatedly addressed one of the common man's major concerns: corruption.

Analysts say that Mr Jiang is in close competition with the Premier, Mr Li Peng—who is more senior than him in the party hierarchy—for the position of the "core" of the third-generation leadership.

A key indication of Mr Jiang's political fortune will come early next year, when the PLA is expected to reshuffle its regional commands.

To survive in the power struggle which may break out in the post-Deng Xiaoping era, Mr Jiang must be able to put more of his men in key military positions.

Yao Yilin, Song Ping Visit Light Industry Fair

OW2712135689 Beijing XINHUA Domestic Service
in Chinese 1554 GMT 26 Dec 89

[By reporter Yang Like (2799 3810 4430) and correspondent Liu Heqing (0491 5440 3237)]

[Text] Beijing, 26 Dec (XINHUA)—Yao Yilin and Song Ping, members of the Standing Committee of the CPC Central Committee Political Bureau, this evening visited the national trade fair of new, quality products manufactured by the light industry. They praised the rapid development of China's light industry.

During their visit, the leading comrades frequently inquired about the new, fine-quality, and award-winning products, about the current market for light industrial products, and about the sales during the current trade fair. Light Industry Minister Zeng Xianlin told them: The trade fair has been very successful thus far. Some 5,000 outstanding new products are on exhibit. They are very popular and are expected to sell well.

Comrades Liu Huaqing, Chen Muhua, Song Jian, and Gu Mu also toured the trade fair this evening.

Song Ping Discusses Strengthening Leading Groups

*OW0101214690 Beijing Domestic Service
in Mandarin 1030 GMT 19 Dec 89*

[From the "National Hookup" program]

[Text] At a national seminar for the second group of organization department heads on 19 December, Song Ping, member of the Standing Committee of the CPC Central Committee Political Bureau and head of the Central Organization Department, emphatically pointed out: The key to upholding Marxism and the socialist orientation lies in building our party well and in building leading groups at all levels well so that leadership can be firmly grasped by those who are loyal to Marxism.

It has been learned that next year an election will be held in 12 provinces and regions, some cities under the jurisdiction of the provinces, a considerable number of counties and cities and most of the county-level People's Congresses to elect party committee members and people's deputies for a new term of office. A very important task for this election is to elect new leading groups. Therefore, the Central Organization Department held a seminar in Beijing on 4 December exclusively to study the question of building prefectural and county leading groups. The seminar was attended by responsible comrades of the organization departments of 18 provincial, autonomous region, city and prefectural party committees. On 19 December, Comrade Song Ping and comrades attending the seminar discussed the question of how to build leading groups well by following the party's basic line. At the discussion meeting, responsible persons of the organization departments of Jiangxi, Jilin, Ningxia and Hubei spoke first. They reported the actual situation and gave their opinions on the criteria of leading groups, the demand to strengthen leading groups, the selection and training of the principal responsible persons of the party and the government and the question of local election for a new term of office.

Song Ping said: In the current stern situation at home and abroad, we must be sober-minded, go all out to make our country strong, and strengthen the building of the party. We must firmly believe in historical materialism. We firmly believe socialism will certainly win the final victory.

Song Ping said: To build the party well, we must first have a correct line; unflinchingly implement the line, principle and policies formulated since the 3d plenary session of the 11th CPC Central Committee; and build party committees at all levels, particularly leading groups at all levels, well. He pointed out: These leading groups must: consistently uphold the four cardinal principles, keep to carrying out reform and opening to the outside, and oppose bourgeois liberalization. This is a leading group's most basic political quality. First, to reach this goal, leading cadres at all levels must strengthen the study of the basic theory of Marxism and raise their theoretical level. Second, a leading group must recruit those who have good political quality and pioneering

spirit and who are brave to carry out reform, seek truth from facts, and maintain close ties with the masses, and who are good at uniting with comrades.

In his speech, Song Ping stressed the importance of party cadres maintaining ties with the masses. He said: If divorced from the masses, communists would inevitably become subjectivists and bureaucrats, and as a result they would lose the masses' trust and support. All our comrades in the party must have an adequate and clear understanding of the importance of this question.

Touching on the question of unity in a leading group, Song Ping noted: To strengthen unity, we must rely on constant ideological education inside the group. It is necessary to improve the normal practice of democracy within the party, conduct criticism and self-criticism, accept the masses' supervision, adopt democratic centralism, and strengthen a leading group's rallying power and fighting power.

Zou Jiahua Addresses Metals Industry Meeting

*OW2912155389 Beijing XINHUA Domestic Service
in Chinese 1614 GMT 25 Dec 89*

[By RENMIN RIBAO reporter Liu Xieyang (0491 3610 7122) and XINHUA reporter Gu Honghong (7357 3163 3163)]

[Text] Beijing, 25 Dec (XINHUA)—All localities and departments should comply with the request of the central authorities by attaching great importance to and truly supporting the development of the nonferrous metals industry. This was said today by State Councillor Zou Jiahua at the opening of the national work meeting of nonferrous metals industry.

The nonferrous metals industry is an extremely important sector in China's national economy. The usage of nonferrous metals is present in every sector of the national economy, and penetrates every aspect of our daily life. China is rich in the resources of nonferrous metals. Among the 10 most important nonferrous metals, China has the largest reserves in the world for 4 or 5 of them. China is also the leading supplier of tungsten and antimony in the international market. Thus China occupies an advantage position in the nonferrous metals industry. But up till now, this advantage is not fully exercised due to objective reasons.

Presently, the main problem of the nonferrous metals industry is that the production of aluminium oxide, the principal raw material for producing electrolytic aluminium, is failing to meet the needs of the latter. On this problem, Zou Jiahua said: We must attach great importance to and speed up the production of aluminium oxide. To achieve this, we must take the following measures: First, in accordance with the national industrial policy, put more emphasis on the production of aluminium oxide and accelerate the construction of aluminium oxide plants so that they can start production

earlier. Second, accelerate the technological transformation of enterprises to tap their potential, and strive to increase the production of aluminium oxide by relying on technical progress. Third, protect aluminium ore resources by forbidding indiscriminate mining and attaching importance to the construction of aluminium mines. Governments at all levels should protect state-run mines and ensure their normal production in order to provide favorable conditions for the production of aluminium oxide.

With regard to the long-term uneven and irrational production capacity in mining, smelting, and processing in the nonferrous metals industry, Zou Jiahua stressed: The key to improving and streamlining the nonferrous metals industry lies in regulating the structure of production and enterprises, increasing economic returns, and solving the problems of uneven production capacity between mining, sorting, smelting, and processing, respectively.

Zou Jiahua proposed that in the bid to raise output, nonferrous metals industry must pay attention to maintaining steady development, and to the general balance of the development of the whole national economy.

Wang Fang Commends Jiangxi Armed Police

OW1412115489 Nanchang Jiangxi Provincial
Service in Mandarin 1100 GMT 10 Dec 89

[From the "Provincial Hookup" program]

[Text] Wang Fang, state councillor and first political commissar of the People's Armed Police headquarters; and Li Lianxiu and Zhang Xiufu, commander and political commissar respectively of the People's Armed Police headquarters; recently signed an order citing eight units and three individuals of the Jiangxi Provincial People's Armed Police Force who made contributions to stopping disturbances in Nanchang area.

When disturbances in Beijing spread to Nanchang earlier this year, the vast numbers of officers and men of the Provincial People's Armed Police Corps firmly carried out the correct decisions of the party Central Committee, the State Council, and the Central Military Commission; and the orders and instructions given by higher authorities. The provincial Armed Police Corps transferred more than 10,000 armed policemen to defend three important guards posts in summer heat for nearly a month, safeguarding the security of key areas and making contributions to winning decisive victory in stopping disturbances in Nanchang area. To commend them for making contributions to the motherland and people, the People's Armed Police headquarters decided to award collective citations for merit, third class, to the First Battalion of the First Detachment directly under the Provincial People's Armed Police Corps, the First Battalion of the Second Detachment directly under the Provincial People's Armed Police Corps, the Motorized Battalion, the headquarters of the Nanchang City Detachment, the Internal Affairs Department of the

headquarters of the Provincial People's Armed Police Corps, and the Communications Department of the headquarters of the Provincial People's Armed Police Corps. The People's Armed Police headquarters also decided to cite the Second Detachment directly under the Provincial People's Armed Police Corps and the Nanchang City Detachment and to award citations for merit, third class to (Ding Wujun), commander of the Second Detachment directly under the Provincial People's Armed Police Corps; (Wang Hongwang), commander of the Nanchang City Detachment; and (Lai Jinan), deputy chief of staff of the headquarters of the Provincial People's Armed Police Corps.

Song Jian Praises Screening Committee's Work

OW2912085389 Beijing XINHUA Domestic Service
in Chinese 1200 GMT 21 Dec 89

[By reporter Jiang Zaizhong (1203 0961 1813)]

[Text] Beijing, 21 Dec (XINHUA)—The Screening Committee of State Quality Awards announced the screening results of the 1989 state quality awards in Beijing today. Song Jian, state councillor and director of the Screening Committee of State Quality Awards, presided over today's meeting, in which he expressed the hope that enterprises throughout the nation will pay attention to quality control and produce brand-name products.

The State Quality Awards announced today include the State Quality Control Awards, the State Excellent Quality Product Awards, the China's Hundred Flowers Awards for Industrial Art, and the State Excellent Quality Engineering Projects Awards. A total of 23 enterprises won State Quality Control Awards. Six of the enterprises are winners of reappraisal after they had won the awards 5 years ago. Another six enterprises won a pre-screening qualification. The Gold and Silver Awards for the state excellent quality products went to 329 products. A total of 22 items won the Gold and Silver Awards of the China's Hundred Flowers Award for Industrial Art. There was no first prize winner of the State Excellent Quality Engineering Projects Awards this year, a total of 26 Silver Awards went to 118 constructing, designing, and engineering units.

Following the opinions of relevant leading comrades in the State Council, the standard of this year's screening work, which was carried out mainly by experts, was rather strict. The general level of awarded enterprises and products was relatively high this year. For example, the carbon dioxide centrifugal compressor produced by the Shenyang Blast Furnace Plant, the three serials of industrial steam turbine generators manufactured by the Hangzhou Steam Turbine Generator Plant, and the 3kva noninterruptable power unit manufactured by the Nanjing Radio Plant are world standard products.

In accordance with the state's policy toward enterprises, this year's screening work of state quality awards had given proper "priority" to energy, raw and semi-finished

materials, and products which can be substituted for imported ones, export-oriented goods, and agriculture-supporting products. In the field of agriculture-supporting products, a gold award had been set up for the first time for the forage industry, in addition to agricultural plastic sheets and agricultural machines. This gold award was won by the Nanwan Feed-Processing Plant in Beijing. Among the winners, enterprises that produce goods that can be substituted for imported ones and exported-oriented products make up a great proportion. According to the statistics, the products of those enterprises generated \$600 million annually in foreign exchange. The Hongguang Electronic Tube Plant in Sichuan, which generated an annual foreign exchange of more than \$30 million for its black and white kinescopes, is an outstanding example.

In his speech, Comrade Song Jian positively appraised the work of the screening committee's members. He said: The screening work is an important measure on the basis of which enterprises can be guided to improve their quality control which, in turn, will help products reach domestic and international quality standards. In this period of improving the economic environment and rectifying the economic order, it is imperative that we crack down on the production and sale of fake and low-quality products. He expressed the hope that the State Bureau of Technology Supervision will strengthen its macrocoordination, and that its work will gradually become more standardized, systematized, and scientific to make it more effective in promoting the quality of products.

Li Guixian Pays Respects to Former Bank Official

OW0201084990 Beijing XINHUA Domestic Service in Chinese 1401 GMT 27 Dec 89

[Excerpts] Beijing, 27 Dec (XINHUA)—Comrade Guan Xuwen, former adviser to the People's Bank of China and a retired veteran cadre, died of illness at the age of 92 in Beijing on 16 December. A ceremony to pay last respects to Comrade Guan Xuwen's remains was held at Babaoshan Cemetery for the Revolutionaries on 27 December.

Comrades Yao Yilin, Peng Zhen, Nie Rongzhen, Chen Muhua, Yang Chengwu, and Lu Zhengcao and the Central Organization Department, the Central United Front Work Department, the General Office of the National Committee of the Chinese People's Political Consultative Conference, and the People's Bank of China sent wreaths.

Li Guixian, Wang Ping, and other leading comrades and his friends attended the ceremony to pay last respects. [passage omitted]

After the founding of New China, Comrade Guan Xuwen served successively as director of the General Office of the People's Bank of China, director of the bank's Administrative Bureau in North China, director of the bank's Organization and Budget Department,

president of the North China Branch Bank, vice president of the Agricultural Bank, and adviser to the People's Bank of China. [passage omitted]

Cui Naifu Speaks on Ensuring Social Stability

OW2812034689 Beijing XINHUA Domestic Service in Chinese 0821 GMT 24 Dec 89

[Text] Beijing, 24 Dec (XINHUA)—The national conference for directors of civil affairs departments and bureaus which concluded in Beijing today pointed out: To further bring into full play the mechanism of maintaining social stability is our central task in civil affairs work.

In a speech delivered at the conference, Cui Naifu, minister of civil affairs, pointed out: It is necessary to promote stability at the basic level by strengthening the mass organizations of self-management, such as the residents' and villagers' committees. In the countryside, it is essential to solve the problem of a breakdown or semi-breakdown in village-level organizations. In urban areas, it is necessary to enhance unity among basic-level urban organizations and tackle social problems at the grass-roots level.

He said: It is essential to promote social stability by doing a good job in carrying out relief work against natural disasters. In poor districts where natural disasters often prevail, we must give top priority to relief work against natural disasters. We must strictly deal with people and cases involving corruption and embezzlement of relief funds.

On the issue of giving special care to disabled servicemen and to family members of revolutionary martyrs and servicemen, Cui Naifu pointed out: It is necessary to take the overall situation into consideration, help retired soldiers settle down, resolutely implement the relevant policies of the State Council, and strengthen our ideological and political work among those disabled servicemen and family members of revolutionary martyrs to whom we should give special care and among retired soldiers, as well as those cadres who have retired from the armed forces.

In light of the new difficulties facing the various social welfare establishments in helping disabled servicemen find jobs, Cui Naifu pointed out: We must ensure the stability and continuity of the various social welfare policies to help and protect disabled and retired servicemen. We should not change such policies at will. We must consolidate social welfare enterprises, and work out stable policies to help disabled servicemen find jobs.

Cui Naifu pointed out: Efforts must be made to strengthen the administration of social groups and change the situation which prevailed several years ago—in which social groups were out of control or needed the screening and approval of many departments in order to

register themselves officially. We must follow the path of helping social groups register themselves according to law.

The national conference of the directors of civil affairs departments and bureaus was held in Beijing on 20 December. More than 150 civil affairs department and bureau directors from all parts of China attended.

Minister Says Population To Exceed Target

OW0101212790 Beijing XINHUA Domestic Service
in Chinese 0916 GMT 13 Dec 89

[By reporter Yu Changhong (0060 7022 3163)]

[Text] Beijing, 13 Dec (XINHUA)—Peng Peiyun, minister of the State Family Planning Commission, said recently: The family planning work should be properly combined with the effort to improve the economic environment and rectify the economic order. We should take a further step to do a serious job in controlling the population and improving the population quality in order to ease the contradictions between overly rapid population growth and economic construction, and bring about a steady and coordinated economic development as soon as possible.

Peng Peiyun made these remarks because the situation of China's population is very grim and its population control task is very arduous.

According to an estimate, the total number of births in China in 1989, at a rate of 21 per thousand, will exceed 23 million, and the natural population growth, at a rate of around 15 per thousand, will exceed 16 million. By the end of the year, the total population will reach about 1.112 billion, exceeding the population target of the Seventh 5-Year Plan by approximately 14 million.

Peng Peiyun discussed the reasons for failure to fulfill the population plan since 1986: First, when formulating the seventh 5-year population plan, we underestimated the new peak in births and overestimated our population control ability at the present stage, and so the targets that were set are a little harder than we can meet. Second, there are problems with the family planning work. Some local authorities are not paying sufficient attention to the family planning work and fail to take effective measures for it. In most rural areas, the family planning work at the grass roots level is weak, and the new circumstances and new problems created during reform and opening to the outside world have not been effectively dealt with. Third, the data on population statistics is inaccurate, and the difference between the household registration figure and the calculated figure based on sample surveys is becoming bigger and bigger year by year. The total number of births shown in the family planning work report is approximately 30 percent less than the calculated number of births based on sample surveys.

On the fourth national census to be conducted next year, Peng Peiyun said: Family planning is our basic national

policy, and one of the important purposes of the census is to help implement this basic national policy. The fourth national census will be a comprehensive inspection of China's family planning and population control work since 1982. The census will show the overall situation of China's implementation of its population plan and family planning policy, family registration system, and the quality of previous population surveys. The census will make it possible to determine the number of births not reported to the authorities in previous years; find out the exact figures for China's total population; and enable us to do a better job in family planning, population control and household registration administration.

Procurator General on Fighting Embezzlement, Crime

OW2812053289 Beijing XINHUA Domestic Service
in Chinese 0803 GMT 25 Dec 89

[By reporter Zhang Cailong (1728 2088 7893) and correspondent Li Kun (2621 0981)]

[Text] Guangzhou, 25 Dec (XINHUA)—Liu Fuzhi, procurator general of the Supreme People's Procuratorate, when receiving representatives attending the Guangdong provincial meeting on procuratorial work yesterday, said: The two major tasks of fighting embezzlement and bribery and dealing heavy blows at crime should not be relaxed, but earnestly carried out. This is the general orientation in building a corruption-free government and maintaining social stability and unity.

Liu Fuzhi said: In 1989 we carried out two procuratorial tasks throughout the country. One, the struggle against embezzlement and bribery; the other, dealing heavy blows at criminal activities. These two major tasks should not be relaxed, but earnestly continued in the future. This is the general orientation in building a corruption-free government and maintaining social stability and unity, and must continue to be adhered to. Whoever commits a crime must be strictly dealt with according to law after his arrest. In doing so, however, we should depend on evidence and act correctly. We should not try to solve problems mainly by making arrests, nor should we use arrests as a substitute for investigation. What we should do is conduct investigation and study and pay attention to evidence instead of making rash arrests.

Liu Fuzhi said: To deepen the work of dealing blows at economic and other criminal activities, we must on our own initiative put ourselves under the party's leadership and accept the government's support and the supervision of the people's congress. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has improved and strengthened its leadership, there have been increasingly fewer instances of unfamiliarity with the law and political and legal work, and many party committees have done their work pretty well. In dealing with important issues and major cases, procuratorial

organs should report to and ask instructions from the party committee concerned if they are not sure of the steps they must take. They should take the initiative to ask the party committee for guidance and support. It is also of great importance to accept the supervision of the People's Congress. It is imperative to take the initiative to report the work to the people's congress concerned, and there should be no perfunctoriness in doing this. In addition, it is imperative to respect the government and obtain its support. Only by acting positively and on their own initiative in putting themselves under the leadership of the party committee and the supervision of the People's Congress and obtaining the support of the government, can procuratorial organs do their work successfully without making any big mistakes.

Liu Fuzhi said: Last year certain achievements were scored in procuratorial work around the country. The work in the coming year is expected to be heavy. It is hoped that the broad masses of personnel of procuratorial organs will act in strict accordance with the law, adhere to policies, be modest and prudent, guard against complacency and rashness, rectify their workstyle, and carry out their work in a conscientious way.

Machine-Building and Electronics Minister Profiled

OW2612222389 Beijing XINHUA in English
1310 GMT 26 Dec 89

[Text] Beijing, December 26 (XINHUA)—He Guangyuan was today appointed minister of Machine-Building and Electronics Industry.

The decision was made at the 11th Meeting of the National People's Congress (NPC) Standing Committee which closed here this afternoon. Previously Mr. He was a vice-minister.

His predecessor, Zou Jiahua, has been appointed minister in charge of the State Planning Commission.

The 59-year-old he is a native of north China's Hebei Province. He has a college background and is senior engineer. He began to work in 1945 and joined the Communist Party of China (CPC) in the same year.

In 1951, he went to the Soviet Union to study machine-building and returned home upon his graduation five years later.

After 1980, he served as vice-minister of Agricultural Machinery and vice-minister of Machine-Building Industry.

In 1986, he became vice-minister of the State Machine-Building Industry Commission and was appointed vice-minister of Machine-Building and Electronics Industry in 1988.

He is now an alternate member of the 13th Central Committee of the CPC.

Letter Urges Studying Mao's Philosophical Works

HK2712022489 Beijing RENMIN RIBAO in Chinese
22 Dec 89 p 6

[Letter by Gong Yuzhi (7895 5148 0037): "A Proposal on Selectively Studying Mao Zedong's Philosophical Works"]

[Text] Comrade Editor:

A few days ago, RENMIN RIBAO and other newspapers republished Mao Zedong's article "In Memory of Norman Bethune." That is fine. The notes were taken from the edition of "Selected Works of Mao Zedong." In my view, it would be more suitable to use the revised annotated version of "Selected Readings From Mao Zedong" (the 1986 new two-volume edition). Take as an example Bethune's biographical note: It is added in the new note the years in which Bethune was born and died (1890-1939). This will make the readers understand the formulation that "he was over fifty" is inaccurate (At that time it was impossible to verify, nor was there any need to revise the text. It is only sufficient to make this clear in the note). The new notes have also corrected some inaccurate descriptions about time, place, and history. Although they are insignificant, it is better to be accurate.

The new edition of "Selected Readings From Mao Zedong" is aimed at providing the vast numbers of cadres and young people with Mao Zedong's most important and basic scientific works. Its table of contents covers works from 1921 to 1965. The explanatory notes on the title or background of an article and other notes are based on the original version of "Selected Works of Mao Zedong" with numerous revisions and additions. In studying Mao Zedong's works, we should try as far as possible to selectively read the notes in the new edition. It is a pity that many comrades are still not familiar with this new edition and fail to notice that meticulous care has been taken to revise or supplement notes, making them more progressive in terms of scientific nature.

Recently, the central authorities called on people to study Marxist philosophy and demanded that Mao Zedong's philosophical works be included in the list of required readings. Where can we find these works? Of course, it is good to look for them in the "Selected Works of Mao Zedong." This is because they have been published in vast quantities and are readily available. Moreover, most of the important works are there. But there are also some works which have not been included in the selected works, such as the important article "Opposing Book Worship" (1930), "Freedom Is the Understanding of Necessity and the Remolding of the World" (1941), and several short philosophical articles written in the 1960's ("Where do Correct Ideas Come From?", as well as a group of five paragraphs of writing on the study of Marxist theory of knowledge and dialectics). In the new edition of "Selected Readings From Mao Zedong,"

attention has been paid to incorporate the philosophical works which have been included in the "Selected Works of Mao Zedong" and the military writings which fully demonstrate the glory of philosophy (For example, the full text of "On Protracted War" has been included). It has also included philosophical works which were not included in the "Selected Works of Mao Zedong." For this reason, I suggest you tell the comrades who want to study philosophy and to look for relevant Mao Zedong's works that the new edition of "Selected Readings From Mao Zedong" has provided them with more complete works and that, in addition to more accurately revised notes, it has also supplied new contents. For example, a new note in "On Practice" shows that Mao Zedong intended to modify an inappropriate formulation in the text.

I also suggest that our publishing and distribution institutions print the new edition of "Selected Readings From Mao Zedong" in large quantities so that it can become a required book for the vast numbers of cadres. By doing so we can also avoid duplicate printing and waste caused by the compilation of Mao Zedong's Work according to different aspects or special topics and their printing in large quantities.

I hereby take advantage of a corner of your newspaper to convey this suggestion to the vast numbers of readers and the publishing and distribution departments.

With high respect,
Gong Yuzhi [signed]
22 Nov 1989

Roundup Evaluates Popularity of Works

HK2812043789 Beijing ZHONGGUO XINWEN SHE
in Chinese 1004 GMT 27 Dec 89

[Roundup by reporter Liu Hongtao (0491 3163 3447):
"Mao Zedong in 1989"—ZHONGGUO XINWEN SHE
Headline]

[Text] Beijing, 27 Dec (ZHONGGUO XINWEN SHE)—The mysterious ring of light which shrouded the body of Mao Zedong has gradually faded away. People are anxious to know of his rich and complicated inner world, as a man, not as a god. How his life events and works have become sought after on the market, has become a phenomenon in Chinese social culture that gives us much food for thought.

Since the second half of last year, a large number of records and inside stories of Mao Zedong himself, and of his family, such as "the Inside and Outside of the Red Wall," "Mao Zedong Who Has Descended From the Temple of Gods," have flooded into state and individual entrepreneurs' bookshops and become bestsellers. Readers of various educational backgrounds hold different attitudes toward them: Some are reminiscent of the past. Some think about them over and over again. Some explore them. Others take them as a fad....

In autumn this year, Mao Zedong's poems and songs became very popular. At the Second Book Exhibition

held in Beijing, "Mao Zedong's Poems" became a best-seller. At the 40 Years' Audio-Visual Works in Retrospect held by the China's Record Company in Wangfujing, people of different ages and of different occupations left their remarks, hoping that Mao Zedong's poems and songs would be reproduced for sale. To this end, the China's Record Company reproduced and marketed "the Appreciation of Mao Zedong's Poems and Songs."

In the ballrooms, music teahouses, and music concerts in various Chinese big cities, such old songs as "The East Is Red," "Navigating in the Great Sea Depends on the Helmsman," and "Nanni Bay" are best loved by young people, especially when they are played with rock and roll music. A certain manager said: These songs have brought back a past that is already gone.

It was Mao Zedong's 96th birthday yesterday. Relevant celebration activities were held in Beijing, Shaoshan and other places. In the evening, the Central Broadcasting Station and the Beijing Television Station broadcast a special program called "Concert on Mao Zedong's Poems and Songs" which greatly entertained the audience.

Apart from the reminiscent, curious, positive and negative attitudes of readers, it is very meaningful for people to "seek after Mao Zedong" all over again. Some people say Mao Zedong "did not have much money but strong will" and that is what the Chinese people lack. Some say that Mao Zedong is the first revolutionary who fitted Marxist theories into the Chinese national conditions and that in his works we can trace the development course of his thoughts, experiences and lessons. Some have even drawn this conclusion: To understand Mao Zedong is to understand Chinese society and politics. Others, out of their admiration for his grand romantic poetic style, have come to love his poems. The pioneering labor and simple life of Mao have attracted a large number of thinkers and educational workers.

How to objectively and fairly evaluate Mao Zedong's works is still a question. If we do not seriously sum up the past, we will have difficulty developing the future. We should not take the attitude that was once popular during the Great Cultural Revolution that people beautified and deified others. The current debates caused by personal feelings and frivolous and untrue rumors can hardly convince people. However, it is believable that with the passing of time, Mao Zedong's true colors will gradually be revealed to the world.

Audio, Video Tapes of Mao Zedong's Poems Issued

HK2812032289 Beijing RENMIN RIBAO
OVERSEAS EDITION in Chinese 26 Dec 89 p 4

[Report: "Songs with Mao Zedong's Poems Published"]

[Text] A ceremony was held in the Jiangsu Room in the Great Hall of the People on 25 December, the eve of Mao Zedong's birthday, in celebration of the first issue

of the audio and video tapes entitled "Hero in One Generation" which records songs with Mao Zedong's poems published by Jiangsu Audio-Video Publication House.

The tape is a collection of 12 poems written by Mao Zedong including "The People's Liberation Army Captures Nanjing—a lushi [a poem of eight lines, each containing five or seven characters, with a strict tonal pattern and rhyme scheme]," "Reply to Li Shuyi—to the tune of Die Lian Hua," "Jinggang Mountains—to the tune of Xi Jiang Yue." The tune was composed by China's famous composers, and the songs sung by Kou Jialun, Ma Yutao, Liu Bingyi, and others who enjoy great popularity. They made a deep impression on the audience by their deep and sincere love for the party and Comrade Mao Zedong which found expression in their works and performance, and by their superb skill.

Peng Chong, Kang Keqing, and Liao Hansheng attended the ceremony and expressed keen appreciation of the issue of the cassette tapes.

The participants said that the publication and issue of the tapes breathed a new life and a healthy atmosphere into the musical circles.

Deng's Views on Literature, Art Discussed

OW2812003189 Beijing XINHUA Domestic Service
in Chinese 1336 GMT 22 Dec 89

[Text] Beijing, 22 Dec (XINHUA)—The Literature and Art Bureau under the Propaganda Department of the CPC Central Committee, and the People's Literature Publishing House jointly sponsored a theoretical symposium in Beijing from 18 through 20 December to discuss the book "Deng Xiaoping on Literature and Art." Basing themselves on facts, literature and art critics, writers, and artists extensively and thoroughly discussed the basic concepts in the book, its central theme, and how it inherits and develops the thinking of Marx, Lenin, and Mao Zedong on literature and art, as well as the significant role it plays in guiding socialist literature and art.

Those attending the symposium said the observations made in the book—those about upholding the four cardinal principles, carrying out reform, opening to the outside world, and building a Chinese-style socialist society; those about socialist spiritual construction and the mission of ideological workers; those about proficient personnel and intellectuals; and those about combating interferences and countering erroneous tendencies—summarized the experiences the nation gained during the new, decade-long period of socialist construction. They said: These observations have a tremendous significance in guiding our literature and art in the past, at present, and in the future. The theories and viewpoints about culture and art safeguard, inherit, and develop Mao Zedong's thinking on literature and art; they are guiding principles to enhance and develop socialist literature and art, and a powerful weapon for denouncing bourgeois liberalization and all types of

erroneous thinking. A highly urgent and important mission for people of literature and art circles today is that they must thoroughly reexamine the actual performance of literature and art circles during the last 10 years, sum up their experience, and synchronize their thinking with Comrade Deng Xiaoping's observations and with the principles outlined in the 4th and 5th Plenary Sessions of the 13th CPC Central Committee.

The attendees pointed out: The book "Deng Xiaoping on Literature and Art" time and again stresses that, in order to thrive and develop during the new socialist period, literature and art must uphold the four cardinal principles and oppose bourgeois liberalization. While acknowledging the successes achieved on the ideological and cultural front, Comrade Deng Xiaoping repeatedly denounced bourgeois liberalization, reiterating time and again that supporting bourgeois liberalization is the same as taking the capitalist road. Unfortunately, these observations of Comrade Deng Xiaoping have either been ignored, distorted, or resisted, and have therefore never been satisfactorily followed. That is why the ideas of bourgeois liberalization could become rampant and increasingly serious, and why their deluge could eventually trigger an upheaval and counterrevolutionary rebellion. In studying the book "Deng Xiaoping on Literature and Art," we must first of all earnestly reexamine the confrontation and struggle between the four cardinal principles and bourgeois liberalization. Currently, the fight against bourgeois liberalization must continue because many things that reflect the mentality of bourgeois liberalization have yet to be dealt with and many ideas which have been confounded by bourgeois liberalization have yet to be clarified. The vast number of literature and art workers must therefore make concerted efforts to eradicate all obstacles impeding the development of socialist literature and art.

Citing their personal experiences, many writers and artists attending the symposium maintained that, to enable socialist literature and art to flourish more, the people in literature and art circles must uphold all correct observations of Comrade Deng Xiaoping with regard to the relationship between literature and art on the one hand, and political affairs, the people, and their life on the other. In what way should literature and art portray the party, the state, the nation, the people, and young men and women? This is a major issue relevant to the nature and orientation of socialist literature and art. In order to achieve a more flourishing development in literature and art, we must eradicate the barriers imposed by bourgeois liberalization and follow the correct course and guiding principle. Thus, people in literature and art circles must earnestly study the Marxist and Leninist theories on literature and art, Mao Zedong's thinking on literature and art, and Comrade Deng Xiaoping's observations on problems of literature and art. Whenever they can, writers and artists should go

deep into the thick of life and the forefront of reform and openness to feel the pulse of the times, to understand how eager the people are to build a strong and prosperous country, and make even greater efforts to describe and train people with socialist consciousness. All leading authorities and administrative departments in the literature and art circles must make efforts to encourage creation so that more good works can be dedicated to the people. Literature and art critics should do an even better job in introducing and popularizing these goods works. Certain good works that have been overlooked in the past should be dug up. All possible measures should be taken to satisfy the masses' spiritual and cultural needs.

Wang Renzhi, head of the of Propaganda Department of the CPC Central Committee; He Jingzhi, deputy head of the Propaganda Department of the CPC Central Committee and acting minister of culture; and Song Muwen, director of the China Press and Publications Administration, attended and addressed the opening ceremony.

Wang Renzhi said: "Deng Xiaoping on Literature and Art" is a programmatic document of guiding significance for literature and art during the new period in China. Its contents and profoundness are significant in guiding not only literature and art, but also the work in the ideological sphere as a whole. Comrade Deng Xiaoping's theoretical views on literature and art uphold Mao Zedong's thinking on literature and art and are guiding principles for denouncing bourgeois liberalization and enhancing the development of socialist literature and art. Leading authorities among literature and art circles should take the lead in studying the book, and then organize and lead the vast number of literature and art workers to study the book until they fully understand it. During the course of study, we should earnestly reexamine and sum up our experience. We should particularly learn its lessons about the cause, development, and spread of the ideas of bourgeois liberalization and all other erroneous ideas among literature and art circles as well as the serious harm they have caused. The ongoing campaign to eradicate pornography enjoys great popularity among the people and is very essential. While the campaign must continue, it is no substitute for the fight against bourgeois liberalization. We must find out precisely in what specific ways the ideas of bourgeois liberalization have found expression literature and art work, in literature and art creation, in theoretical criticism, and in studies of literary history. Then we must analyze them thoroughly and scientifically. Meanwhile, we must use Comrade Deng Xiaoping's thinking to guide our literature and art and make efforts to encourage creation so as to enhance literature and art development. To achieve success in this project, we must rally the overwhelming majority of comrades in literature and art circles. The more of them we can rally, the better it will be. Under the leadership of the new Party Central Committee, let us unite together and plunge ourselves into the cause of combating the ideas of bourgeois liberalization and promoting the development of socialist literature and art.

He Jingzhi said: At an informal meeting in Zuo County in 1987 to discuss how to encourage people to write, I said

that comrades in literature and art circles should join hands and take up their pens to combat bourgeois liberalization and promote the development of literature and art. We must do the same thing today. In studying "Deng Xiaoping on Literature and Art," we must fully understand the whole series of basic theoretical views he has presented. We must regard Comrade Deng Xiaoping's expositions on literature and art principles and policies from the theoretical level. Literature and art workers must attach great importance to theoretical study because their works will be without a basis unless they have a strong theoretical foundation and can act firmly, and they will suffer immensely unless they are theoretically proficient. Our study should be integrated with our work, and our work should be guided by theory. The most practical work we should engage in today and in the future is to combat bourgeois liberalization. Guided by "Deng Xiaoping on Literature and Art," we should thoroughly denounce the theoretical viewpoints of bourgeois liberalization and provide correct and convincing theoretical answers to the many misconceptions and hazy ideas in literature and art circles. While engaging in actual literature and art creation, we should courageously follow the direction of making literature and art serve the people and proletarian politics [jian chi er wei fang xiang 1017 2170 0059 3634 2455 0686], uphold the principle of letting a hundred flowers blossom and a hundred of schools of thought contend, earnestly sum up the law of socialist literature and art development, and expedite the development of socialist literature and art.

Liang Guangdi, director of the Literature and Art Bureau of the Propaganda Department of the CPC Central Committee, and Chen Zaochun, director of the People's Literature Publishing House, spoke on what they gained from studying "Deng Xiaoping on Literature and Art." Malqinhu, deputy secretary of the leading party group of the China Writers Association, also made a speech at the symposium.

Also attending the symposium were Li Huai, Li Shuguang, Xie Mingqing, Li Xifan, Zhalagahu [2089 2139 0867 5170], Ke Yan, Cheng Daixi, Xu Feiguang, Ma Weian, Jiao Zuyao, Li Ruqing, Yang Peijin, Wang Futang, Qi Zhixiang, Zheng Bonong, Ding Zhenhai, Dong Xuewen, Chen Shen, Han Ruiting, Xie Hong, Zhang Chenghuan, Wu Taichang, Cheng Shuzhen, Xiao Yunru, Ai Kesi, Zhong Chengxiang, Wang Zhong, and others, totaling more than 30 people. A written speech by Feng Deying was read at the symposium.

Book Surveys Deng's Revolutionary Career

*OW1412080889 Beijing XINHUA Domestic Service
in Chinese 1646 GMT 9 Dec 89*

[By reporter Zhu Ming (2612 2494) and Li Shiyuan (2621 4258 0337)]

[Text] Nanning, 9 Dec (XINHUA)—To commemorate the 60th anniversary of the Baise [4101 5331] uprising and Longzhou [7893 1558] uprising, which were led by

Comrades Deng Xiaoping and Zhang Yunyi, the book "Zuo You Jian Ge Ming Gen Yu Di" [1563 0671 3068 7245 0730 2704 2207 0966, Zuoyoujiang Revolutionary Base] was published for the first time in Nanning on the afternoon of 9 December.

The book contains 1.1 million words and was published in two volumes. It contains 87 historical documents; brief biographies of 36 comrades, including Deng Xiaoping and Zhang Yunyi; and 48 articles recalling the two uprisings written by Zhang Yunyi, Li Tianyou, and other comrades. The book also chronicles events about the two uprisings and contains graphs of the Zuoyoujiang Revolutionary Base. It fully and accurately reflects how Deng Xiaoping and other comrades struggled to establish the Zuoyoujiang Revolutionary Base and is an important document and material of China's revolutionary and party history.

Liu Binyan, Su Xiaokang Deprived of Posts

*HK2812015789 Beijing WENYI BAO in Chinese
2 Dec 89 p 4*

[Article by Zeng Ke (2582 0344): "The People Will Not Tolerate Your Traitorous Acts"]

[Text] 15 Nov. 1989—This morning, the Central People's Broadcasting Station broadcast an exceedingly heartening decision made by the presidium of the Writers' Union of China on depriving traitorous writers Liu Binyan and Su Xiaokang of their membership, and dismissing Liu Binyan from his position as vice president of the Writers' Union, as committee member of the presidium, and of his position on the board of directors, for their organizing anti-government activities overseas and initiating the founding of the "Democratic Front of China." I support this with the full strength of my hands! I believe writers and artists will support this; any patriotic citizen will happily applaud this as well!

Liu Binyan has long spread his anti-government and anti-socialist statements and actions. Some time ago, when the party proposed the four cardinal principles, he objected to them and started advocating bourgeois liberalization. Under the signboard of being a veteran reporter and an authority, who "writes about the truth," "forecasts life," dares to disclose and criticize the dark side of society, he actually confused right and wrong, invented stories, and used false material to mold false models (this is not permitted when reporting.) He consecutively published a number of works such as "Between a Goblin and a Man," "the Present and Past of the Old Chateau," "the Second Kind of Loyalty." In "the Second Kind of Loyalty," he lavished praise on a fellow from the Shanghai Haiyun Institute who was a rebel during the Great Cultural Revolution, a remaining scum of the "Gang of Four," saying that he was "most firm in upholding the line of the 3d Plenary Session of the 11th CPC Central Committee and a 'most loyal' model." The person he was talking about is called Ni Yuxian, who is actually Liu Binyan's anti-party, traitorous accomplice. As early as in 1986, this fellow went to the United States

and wantonly made statements and speeches attacking socialism. He is one of the advocates who delivered the "Declaration Urging Democratic Reform in Mainland China." He recently joined the "Democratic Front of China" as a member, together with Liu Binyan; he stubbornly opposes the party and the people.

The proof of the guilt that Liu Binyan has publicly left behind pictures him with an evil face. In early 1987, he was excommunicated from the party for stubbornly opposing the four cardinal principles, and attacking the party and the socialist system. Three years later, he carried his smelly bomb, namely the collection of his reports entitled "The Fellow Who Dares Tell the Truth," and presented them as a gift to the international anti-communist and anti-Chinese forces, and went to the bosom of capitalism with his wife: Under the pretext of giving lectures at Harvard University in the United States, he actually made preliminary public opinion and preparations for counterrevolutionary forces from overseas and at home, and the whole process from the student unrest and turmoil to the counterrevolutionary rebellion! He is the culprit of crimes! Hosts of his crimes have been disclosed and criticized in overseas and domestic papers and magazines. It is my hope that art and literary circles will integrate his actual speeches and acts for thorough and penetrating criticism!

Su Xiaokang claims to be one of the elite of the 1980's. When he first emerged from the literary circle, he appeared to be rather rebellious and full of gunpowder, being antagonistic toward the party, socialism, the motherland, and ancestors. In particular, in his film "River Elegy," from naming it to commenting it, he chants a dirge for the socialist motherland, blames our ancestors, and negates the revolutionary cause and the civilization of the motherland. It is not strange for him to have degenerated into a traitorous writer!

The evil behavior and fate of Liu Binyan and Su Xiaokang is typical of traitorous writers. Let us fully understand that in the process of building socialism with Chinese characteristics, the ideological struggle is stern and decides who wins and who loses. As Comrade Mao Zedong has taught us: Whenever we want to overthrow a regime, we must first make public opinion. This is true of the revolutionary class, and so is it of the reactionary class. Is it true that Liu and Su started making preparations for public opinion to overthrow the leadership of the CPC and the socialist system a few years ago? We must never be heedless.

Finally, being a Chinese writer and a patriotic citizen, I remind you Liu and Su, that if you dare to continue to be at enmity with the Chinese people, spread rumors, and attack the CPC and the PRC, the people will not tolerate it!

Article Criticizes Liu Binyan

HK1912065789 Beijing WENYI BAO in Chinese
2 Dec 89 p 4

[Article by Kang Zhuo (1660 3451): "Stripping Liu Binyan of His Disguise"]

[Text] I fully agree with the decision by the Chinese Writers' Association Presidium to expel Liu Binyan and Su Xiaokang from the organization. This was not a simple problem of deleting their membership but one relating to the reputation of our country, party, people, and all China's writers, because Su Xiaokang and particularly Liu Binyan had degenerated into the scum of the nation opposing China and communism. When he left China last year, Liu prettified himself as a "Marxist." Later, he said that he was a "democrat" within the party before being expelled and claimed that there were quite a lot of "democrats" within the party, wantonly discrediting the party. During the turmoil and counterrevolutionary rebellion this year, he tore off his mask as a party member and Marxist and gradually degenerated into a reactionary and a traitor. He started rumors at first and the "Voice of America" spread the rumors for him. We knew that quite a lot of rumors spread by the "Voice of America" came from Liu Binyan. At that time the "Voice of America" feverishly whipped up a campaign against China and communism and it was Liu Binyan's words they used. In addition, Liu Binyan visited Hong Kong in June, after we put down the rebellion, and shouted abuse at us at the gate of our country. Immediately after Comrade Ji Pengfei made a speech on China's position on the Hong Kong issue, Liu Binyan came into the open to launch counterattacks, suggesting that Hong Kong industrialists refrained from more investment in China and that Japan and Western countries stop their contacts with China and impose sanctions against China in every possible way. That Liu Binyan, a "Marxist democrat," should actually land himself in such a situation! Does he have anything in common with the Chinese?

The more Liu Binyan is politically degenerate, the more the international reactionary forces lavish praise on him. When he shouted abuse at us in Hong Kong in June this year, a Hong Kong newspaper carried a series of articles extolling him as a great writer, a great investigative journalist, a great thinker, and a great theorist. What then is all his reportage, thinking, and theory about? It is necessary for us to make an analysis.

To a certain degree his reports were really welcomed in the past, for instance "Between Man and Demon." But who exposed the issue relating to Wang Shouxin which was reflected in the novel? It was the party, that is the local party committee, who exposed the problem. He wrote about the issue after it was exposed but the book presented a distorted picture, as is the case with his other books. If the books did reflect a number of unjust charges or verdicts, were they exposed by Liu Binyan? He did not expose any. On the contrary, Ni Yuxian, a character he selected and sang the praises of in his "The Second Loyalty," is exactly a reactionary who fled to the the

United States to engage in activities against China and communism. Therefore, the so-called "pleading on behalf of the people" was only a disguise. He did not discover any real unjust charges against the people. We must strip him of this disguise.

Let us turn to his thinking and theory. According to reports in the Hong Kong newspaper which spoke highly of him, Liu Binyan said that literature and life in China are "two carriages running on different rails." That is, our literature is one thing and life is another and only Liu Binyan's writings "reflect the truth." But the fact is that it is his writings that distort life here and there and therefore it is him who is walking on dual rails. He did not "reflect the truth" in his writings. His argument only served as an attack against our socialist literature. Another argument of his, which the Hong Kong newspaper also lauded to the skies, is that he found the bad things are nine times more than good things in China rather than vice versa as claimed by the party. However, if his accusation were correct, how should the fact that the party corrected our mistakes in the Anti-Rightist Struggle, including reversing the verdict against Liu Binyan, be interpreted? The fact is that we do have defects but the party and the people do not stop identifying and correcting them. Did he not vilify our socialism when he said that our defects are nine times more than good things?

One of the direct reasons for Liu Binyan's accusation was that he felt he did not enjoy freedom of writing. In fact, we have consistently advocated freedom of writing but there is no absolute freedom in the world. Freedom is an historical inevitability. Our freedom of writing is, naturally, freedom under the guidance of the four cardinal principles. Liu Binyan hates this kind of freedom but he does not like absolute freedom either. He exposed himself recently by saying that the democratization in Taiwan gave him courage to audaciously curse our party and our country. It is clear now that his democracy and freedom came from Taiwan. His remarks show that he is bold in tearing off his mask.

Liu Binyan has many masks and some young people adored him in the past. Therefore we must repudiate his writings and theories and tear off his disguises one by one to expose his ugly features of a clown who worships Taiwan and grovels at the feet of international reactionary forces. This is an important and painstaking work. On the other hand we should teach young people to draw a lesson from him: He has some achievements and said that he was a veteran revolutionary. In fact, he took part in the underground struggle in the enemy-occupied territory during the War of Resistance Against Japan and he did some work after the founding of the Republic. Nevertheless, if a veteran revolutionary refuses to remold his ideology he is bound to change into his opposite. Liu Binyan is a case in point. He refused to remold his ideology and allowed his extreme individualism to go unchecked so that he gradually degenerated into the scum of the nation from a veteran revolutionary.

This is really a bitter lesson, and comrades in the literary and art circles should conscientiously reflect upon the case and profoundly draw a useful lesson while exposing and criticizing his mistakes.

Article Defends State's Human Rights Record

HK2912024189 Beijing GUANGMING RIBAO
in Chinese 7 Dec 89, p 3

[Article by Ji Ying (1323 5391): "The History and Reality of Human Rights"]

[Text] Our country's victory in quelling the disturbances and counterrevolutionary unrest is a powerful counter-blow to the scheme of "peaceful evolution" of the west. Certain forces in foreign countries, flying into a rage of shame, gathered together and attempted to impose so-called sanctions on China; using the pretext of human rights, they continued to interfere in China's internal affairs. This sacred term of human rights has become a tool in the hands of certain people in the West to confuse right and wrong, and to interfere in other countries' internal affairs. In itself this is indeed a great blasphemy, a wanton trampling on human rights, and it must be severely refuted. I. Looking at the class nature of human rights from the historical standpoint

In terminology and meaning, human rights seems to refer to man's rights and privileges. However, due to differences in historical conditions and the national conditions of various countries, up to now different countries in the world are not unanimous in the interpretation of the concrete contents and standards of human rights. From the very start, advocacy of the problem of human rights had a clear and obvious class nature. In the very beginning, human rights was one of the political advocations in the 7th Century, when the newly rising capitalist class opposed feudal rule and rule by the gods as advocated by the monks and priests. These political advocations built the foundation from various angles, for the traditional theory and law on human rights of the West, thus possessing both an historical progressive character and an historical limiting character.

The British philosopher of the 17th century John Locke, in his capacity as the principal representative of the classical natural laws school, interpreted human rights as the "natural rights and privileges" enjoyed by man since birth. These rights and privileges included the rights of survival, freedom, property ownership, and so forth. These rights and privileges could not be taken away and should receive legal protection. The French theorist [Jean-Jacques] Rousseau, on the other hand, saw the relations between human rights and class society. He believed that the system of the private ownership of the land was the source of inequality for mankind, and that it caused inequalities in wealth and in politics. He advocated using brutal force to overthrow feudal dictatorship and to build a republic of the capitalist class. At that time, the human rights ideology of the West principally reflected the economic interests and political

demands of the newly rising capitalist class, and the purposes were to maintain the private ownership system of the capitalist class and to ensure the ruling position of the capitalist class. The views and teachings of Locke and Rousseau generated important influences on the subsequent French Revolution.

At the time of the 1789 French Revolution, the French National Assembly adopted the "declaration of man's right and citizens' rights and privileges," that is the "declaration of human rights." Thus, the legal form was resorted to in order to affirm the traditional concept of human rights of the capitalist class. Article No. 2 of the declaration stipulated that "private property could not be molested." Taking property right as an important human right became the principal object of the legal protection of the capitalist class. At that time, the first 10-article revision of the American Constitution, that is the "human right statute," also made a clear stipulation of the individual's human rights—the rights and privileges of freedom of speech and publication, freedom of religious belief, and freedom of peaceful assembly. Nevertheless, at that time, in the southern part of the United States, the slave system was in vogue. In those states which kept slaves, the negroes were treated like animals and basically did not receive any protection in the law of human rights. For a prolonged period, human rights were the special privilege of white property owners in the United States, whereas the negroes and the extensive masses of ordinary workers did not enjoy such rights.

The doctrine of human rights of the capitalist class and its practices clearly have a limited and a fallacious character. Regarding the problem of human rights, capitalist governments from beginning to end have adopted a double standard, both within their own countries and even more so, internationally. In 1853 when Marx criticized Britain's colonial rule in India, he pointed out: "When we turned our eyes from the civilized homeland of the capitalist class to the colonies, the extreme hypocrisy and barbarous nature of capitalist colonialization appeared stark-naked appeared before us, because whereas in the homeland it showed all its dignity, once in the colony it made no attempt to cover up its hideous nature." (Footnote 1: "Oncoming results of Britain's rule in India," "Collected Works of Marx and Engels," Vol 9, p 251). History has clearly recorded that it was from the 17th Century, when capitalist countries were building at home the so-called "standard of human rights", that in other countries and regions of the world they prosecuted their blood-stained and barbarous colonial conquests. Countries like Britain, France, the United States of America and so forth, for the sake of making their primitive capital collections and accumulations, madly proceeded with their trade in slaves. This seriously wrecked the basic human rights of the colonial and semi-colonial countries. In South Africa, up to now the deep wound caused by the suppression of human rights by the colonialists has still not been healed. The seed of the racial segregation policy pursued by the South African authorities was laid at the time when Britain first

pursued its colonial rule over South Africa. In China, from the opium war to World War II, from the steel hooves of the eight-power allied forces to the butcher's knives of Japanese militarism, the human rights of our people have been trampled on for over 100 years.

Therefore, seen from history, super-class human rights have never existed. In a society where class exists, human rights cannot surpass national rights and class interests. The general belief of international societies is that a state is a politically organized society. It must possess compulsory power sufficiently strong enough to compel obedience internally, and to maintain independence in external relations. The doctrine of Marxist states intensively points out the essence of the state, that is, the state is a ruling machine of one class over another class and is a special power-organization. The power of the state exercises a limiting and regulatory role over the content and intention of human rights. Only after human beings have obliterated classes and the obliteration of the state, can human rights truly be super-class, without country limits and become common, or equal, rights enjoyed equally by all the people of the world.

In a class society, between countries with different classes, different social systems, different economic development stages, and different cultural and historical backgrounds, the concept and the interpretation of the significance of human rights are frequently different. Hence, in international society, no country should impose on another country, its own system and concept of human rights.

II. New Development of Contents of Human Rights After The War

Since the beginning of the 20th Century, the Roman race has passed through the tragedies of two World Wars, and the fight for basic human rights has begun to receive the general attention of international society; while the theory of human rights has also achieved new and important developments. After World War II, the charter of the United Nations repeated the proclamation of the "belief in basic human rights, belief in the dignity and value of the individual person, belief in equal rights between men and women, and belief in equality between nations whether large or small." In 1948, the United Nations passed the "proclamation on world human rights." The proclamation basically adopted the concept of human rights based on the human rights of the individual; this was no longer the patented article of the minority of Western nations but became the basic rights sought for the peoples of all the countries in the world.

In the era of the 1950's and the 1960's, the extensive Third World countries declared their independence one after another, becoming major forces in the fight for human rights. Their righteous struggle against imperialism, new and old colonialism, and racialism was in reality, the struggle for basic human rights. In April 1955, 29 Asian and African nations, jointly called the "Asian-Africa conference," adopted 10 principles for the

guidance of international relations. Of them, the first principle was the demand for the "respect of basic human rights." The declaration represented the interests of the extensive Third World countries and prominently stressed the problem of the racial self-determination rights of human rights and pointed out: "self-determination is the prerequisite condition for the full enjoyment of all basic human rights." Under the joint efforts of the Third World countries, in 1960, the United Nations passed the "declaration on granting independence to the colonies and their people." This was the splendid accomplishment of the "Bandung spirit." The declaration solemnly announced: "The state of affairs of people suffering from the conquest, rule and exploitation of a foreign country refutes basic human rights, violates the charter of the United Nations, and impedes the progress of world peace and cooperation;" "all peoples have self-determination rights; based on these rights, they are at liberty to determine their own political status, and can freely develop their economy, society and culture;" "any attempt with the purpose of partially or wholly breaking up a country's unity and damaging its territorial integrity is in violation of the target and principle of the charter of the United Nations;" and "all countries should, on the basis of equality, uphold non-interference in the internal affairs of all countries and respect the sovereignty of peoples of all countries and their territorial integrity, faithfully, and strictly follow the regulations of the character of the United Nations; the declaration on world human rights; and this declaration." (Footnote 2: "Declaration on granting independence to the colonies and their peoples," adopted by the United Nations Congress on 14 December, 1960). Quite obviously, the self-determination right of people and races cannot be interpreted as the possibility of breaking up an integrated nation of many races. In 1966, the United Nations formulated a covenant on human rights of the United Nations, that is, the "international covenant on economic, social, and cultural rights and privileges." This further affirmed certain of the advocations on the human rights of Third World countries.

The aforementioned international covenants and declarations surpassed the traditional outlook on human rights of the West. Aside from the human rights of the individual, they strongly upheld the collective human rights of racial self-determination rights, independent and autonomous rights of nations and opposition to racial discrimination, foreign intervention, and so forth. Protection of collective human rights has become the united call of the Third World countries in opposition to foreign oppression and rule, and constituted an important portion of the international law of the current time. Speaking from the Third World countries, fighting for collective human rights is the basic precondition for realizing the human rights of the individual. Under the conditions of suffering for a prolonged period from foreign intervention, rule and enslavement, peoples of the Third World countries have been under the control of other people and human rights of the individual can hardly be spoken of. All this understanding has been

generally accepted by current international society. As of today, following the wholesale disintegration of the colonial system, any of such acts as infringement upon the national self-determination right of another country, or carrying out either in another country or in one's own country, racial discrimination, racial segregation and/or slave traffic, constitutes an international crime of violating human rights, naturally must be condemned and restricted by the international society. Since the 1970's, the attention of Third World countries which have obtained political independence has begun to turn to economic development. In the 1986 41st session of the United Nations Congress, the "declaration on development rights" was adopted. The declaration advocated a country's development rights of using its own economy, culture, wealth and resources, without suffering from outside infringement, and this added to the contents of collective human rights. Fighting for collective human rights reflects the common interests and urgent wishes of the Third World countries and constitutes an important part of the construction of the new order of post-war international economic and political relations.

III. Human Rights and the Principle of Non-Interference In Internal Affairs

Human rights and the principle of non-interference in internal affairs are united and are both incorporated into the charter of the United Nations. Quite obviously, only through firm insistence on the reciprocal non-interference in internal affairs can there be assurance of national self-determination rights. International affairs are complex, the national conditions of various countries are different, and in the world there does not exist any pattern of human rights which surpasses national boundaries, surpasses the laws of various countries and is universally applicable. In the world today, there are no abstract and absolute human rights, only concrete and relative human rights exist. Human rights are not a moral outlook but a legal concept. Like any other right or privilege, human rights need the protection of a legal system which is closely related to fixed social and economic relations. In the end the realization of human rights can only be through the observance of international covenants and particularly through the various countries' domestic legislative, judiciary, and administrative measures. However, since the laws of various countries are built on different social systems, ideologies, economic relations and traditional cultural foundations, in the world there does not exist a unified law of human rights. Not only are there differences in the legal provisions of the citizens' rights and privileges of various countries, but also in respect to certain important international covenants, some countries have their own reservations and contradictions existing between the judicial regulations of various countries and the regulations of international documents on human rights. Under such conditions, if different countries take their own countries' ideas of value and outlook on human rights to judge and interfere in the "problem of human rights" of another country, then there is bound to be mutual

interference in internal affairs, and this may lead to confusion in international relations.

Speaking from the actual conditions in various countries, in the world today the actual practices of various countries on the problem of human rights are also different. Insofar as the domestic problem is concerned, in the United States the problem of human rights is relatively serious. Despite the American Government's claim that racial discrimination is no longer a problem in the country, up to now the unemployment rate of negroes is still 200 percent higher than that of whites. At present, there are some 3 million homeless people in the United States, an increase of 25 percent over a year ago. Some people have predicted that by the year 2000, this figure will have increased to 19 million, of which the great majority will be negroes. In the United States, smuggling in narcotics, and robberies and killings have become serious social problems. Up to October this year in Washington alone, 349 people have been victims of shootings, the highest record. In France and Britain, which have loudly claimed human rights, since the 1980's, one out of every ten people is unemployed. In economically, rapidly rising Japan, problems of "tribal people," "xia-yi tribe," and "brutal force on the school campus" still exist. Quite obviously, if the various countries of the world take as their pretext the "concern with the problem of human rights in another country" and proceed to interfere in, or sanction that other country, then there will be global unrest in the world.

Seen from the angle of international law, a sovereign nation has the right and privilege to make its own determination on the treatment of its own citizens. Under general conditions, various countries cannot use the problem of human rights as pretext to carry out, as they wish, the so-called "interference in the doctrine of human rights" on another country, and cannot use human rights to interfere in the sovereignty of another country. This is because "regardless of whether or not the interference is correct and what form the interference takes, it is always unitary and hence from beginning to end is not recognized under international law." (Footnote 4: "Precise British Encyclopedia," Chinese edition, vol 6, p 756). Nevertheless, certain people in western countries have always taken the interference in another country's problem of human rights as a glorious task. In their eyes, human rights have no country boundaries, and "concern" about the human rights of another country is not interference in internal affairs. Based on this kind of logic, they have formulated a full set of so-called human rights diplomatic procedures which in their opinion, may be applied to political systems which have disregarded human rights and the measures taken may be progressively stepped up with increasing force of pressure. This type of so-called human rights diplomacy, using various kinds of measures to interfere in the affairs of another country, is in reality a manifestation of ruthless politics. The wanton use of human rights diplomacy not only will not help in solving the problem of human rights, but also may directly damage the collective human rights self-determined by the people of

another country. On 9 Dec 1981, the United Nations Assembly adopted, with an overwhelming majority, the "declaration on not allowing interference and intervention in the internal affairs of another nation" which clearly stipulated: "Various countries have the obligation to avoid the utilization and distortion of the problem of human rights and using it as a measure to impose force of pressure on another country, or cause suspicion and confusion internally in other countries, or country groups, or between them." From this it can be seen that not allowing the use of the problem of human rights as a pretext to interfere in another country's internal affairs has become the common understanding of the great majority of countries in the world. Between the various countries, the problem of human rights may be used as an active topic of conversation, but in no case, should one country's outlook on human rights be placed above the standard of international relations and used to interfere ruthlessly in the internal affairs of another country.

IV. Who Has Violated Human Rights and Who Has Protected Human Rights?

Like all other rights and privileges, human rights of the individual are not unconditional, but must be supplemented with certain obligations. More than 200 years ago this was already stipulated in the "declaration on human rights" of France, that is, religious freedom and freedom of speech were protected only within the scope of "public order" and "law." Article 29 of the 1948 "declaration on world human rights" clearly pointed out: "When the individual exercises his or her right or freedom, he or she must be subjected to the restrictions imposed by law." Item 3 under Article 19 of the "international covenant on citizens' rights and political rights" clearly specified: "Exercising the rights contained in item 2 of this article has attached to it, certain responsibilities and obligations and hence must be subjected to certain restrictions, but these restrictions must be regulated by law and subjected to the following: (2) respect for others' rights and reputation and (b) protection of the safety of the state or public order or public hygiene or public morals and manners." Articles 21 and 22 of the same covenant also impose the same kind of restrictions on peaceful congregations and the free organization of societies. From this it can be seen that there is no basis for the claim that human rights are rights endowed by heaven, are absolutely free, and are subjected to no restrictions.

Based on the above-mentioned understanding of the problem of human rights, and looking at the sequence of events during the disturbances and rioting in Beijing, between spring and summer 1989, it is not difficult to see who damaged and violated human rights and who protected human rights. In the disturbances in Beijing, which developed into counter-revolutionary rioting, the situation was complex and the changes were sudden and drastic. Evil forces inside the country and abroad made use of the blind spirit of patriotism of the vast masses of college students, added fuel to the flames, and attempted

at one stroke, to overthrow the leadership of the Chinese Communist Party and the political power of the PRC. The facts very clearly testified that it was an extreme minority of people who fanned the disturbances and rioting, and seriously damaged the basic human rights which should have been protected by law. According to the declaration on human rights made by the United Nations, human rights should include the individual's right to work, the children's rights to enjoy care and attention, people's right to receive education, and so forth, but the disturbances caused traffic paralysis in Beijing, certain workers' inability to go to work, and the rash disruption of the normal living and order of work of the people in the capital city; in the unrest, people's right to receive education were trampled upon, certain students deceived into launching a hunger strike were taken as disguised hostages with their lives being threatened. From the disturbance to the counter-revolutionary rioting, it was an open challenge to human rights. A minority of people behind the scene ultimately went upstage and openly advocated the reactionary slogan of overthrowing the people's government. They stirred up certain other people to take up violent and brutal activities, block the passage of government units imposing a curfew, seized military supplies and ammunition, and attacked martial law military units and public safety units. Their acts seriously violated the laws of the PRC and greatly threatened China's national interests and safety. As a result, they lost the protection of human rights.

Facts have similarly shown that precisely because the Chinese Government rapidly put down this counter-revolutionary rioting, and strengthened the socialist system, it was possible to basically protect the fruits of victory won in the hard-fought battles of the Chinese people under the leadership of the Chinese Communist Party. After the disturbances, the Chinese Government repeatedly announced that the large masses of young students who took part in the disturbances would not be prosecuted, but that those having violated China's laws would be punished according to law. All the above was entirely related to China's internal affairs and constituted righteous and legitimate acts protecting national security, restoring normal public order, and maintaining basic human rights. Not only had human rights not overlooked, but the basic human rights of citizens of the PRC had been well protected.

After our country had put down the disturbance and counter-revolutionary rioting, certain western countries, based on fallacious information, took the problem of human rights as pretext and imposed economic sanctions on China; they brought up various kinds of political conditions for the restoration of normal relations. This was purely an interference in China's internal affairs and violated the basic rules of international relations. The "draft declaration on national rights and obligations" adopted at the 1949 United Nations Congress stipulated: "The various countries have the right of independence and hence the right to freely exercise all

legitimate rights and power including the choice of the political structure and the right not to accept any orders from any other nation(s);" "the various countries have the obligation not to interfere in the internal affairs and diplomacy of any other country;" "the various countries have the responsibility not to encourage internal disturbance inside other countries and prevent within their own borders, organized encouragement and promotion of such internal unrest in other countries" (footnote 5: Appendix to "Resolution adopted by the United Nations Assembly on the draft declaration on national rights and obligations" on 6 Dec 1949: "Draft declaration on national rights and obligations," Articles 1, 2 & 4). That certain forces in the west have used the pretext of human rights to interfere in China's internal affairs not only violates the rules of international law, but also tramples upon collective human rights. Faced with this counter-current and evil flow against the tide of peoples of the world fighting for basic human rights, the Chinese Government and the Chinese people will not yield.

Editorial Discusses Political Structure Reform

HK2612085789 Hong Kong WEN WEI PO in Chinese
26 Dec 89 p 2

[Editorial: "Also Discuss Reform of China's Political Structure"]

[Text] There is a relatively prevalent version of the reforms of China and the Soviet Union that reform of the economic structure is ahead in China, while in the Soviet Union it is reform of the political structure. This is a one-sided view that reform of the economic structure is completely separate from reform of the political structure. In the course of reform, economy and politics affect each other in practical social life. In socialist countries, the political system and the economic structure form this reality: The economy is the foundation and politics belongs to the superstructure and is the concentrated manifestation of the economy; the economy determines politics but, under given conditions, politics exerts a decisive influence on the economy in return.

The greatest difference between China on the one hand and the Soviet Union and the socialist countries of Eastern Europe on the other is that the former has a large rural population and a profound feudalistic influence. After the end of the "Cultural Revolution," "contracting output quotas to households with the production team conducting unified accounting" and "contracting output quotas to individual households without the production team conducting unified accounting," spontaneously restored by peasants in places including Anhui and Sichuan, became the first wave that swept across the Divine Land [a poetic name for China], and this was by no means fortuitous. At that time, the proposition of the "two whatevers" faction still occupied a dominant position, but local CPC cadres supported the peasants' demand for reform at some risk. This conformed to the transformation of the level of the rural productive forces of China, which was both reform of the economic

structure and reform of the political structure, because such reform pounded at the political management structure of the people's commune. At the end of 1978, the 3d Plenary Session of the 11th CPC Central Committee affirmed this reform and popularized it throughout the country. Four years later, in 1982, the revised Constitution abolished the people's commune, a rural management structure that integrated government administration and economic management, and substituted the township people's government for the people's commune. In other words, the peasants' demand for reform first arose in the economic aspect, that is to say, peasants demanded decisionmaking power in operation and labor. Once this demand became realized, the rural political structure, the people's commune, had to be reformed accordingly to suit the development of the productive forces; otherwise, a structure with excessively centralized management power would still strike at the peasants' enthusiasm and not arouse it. The abolition of the people's commune is just an example of the integration of reform of the rural economic structure with reform of the political structure.

Reform of the rural economic and political structures pushed the urban areas forward, but urban reform involved a vast scope and difficulties were extremely great. From 1978, when Sichuan began conducting experiments in expanding the power of enterprises, to 1984, when the 3d Plenary Session of the 12th CPC Central Committee decided to shift the focal point of reform from the rural areas to the urban areas, urban reform was gradually carried out, and it included the strengthening of the vitality of enterprises, readjustment of the ownership structure, the establishment and putting on a sound basis of the socialist market structure, reform of the financial, tax, and wage systems, the setting up of experimental units in urban comprehensive reform, opening more to the outside world, and so on. In the course of so doing, the original political structure also gradually became unsuited to this work. In October 1987, the political report at the 13th CPC National Congress officially proposed that reform of the political structure be regarded as one of the main administrative contents of the ruling party.

Reform of the political structure proposed by the 13th CPC National Congress includes seven aspects: Separating the functions of the party from those of the government, further delegating power to the lower levels, reforming government working organs, reforming the cadre personnel system, establishing the system of social consultation and dialogue, perfecting a number of socialist democratic political systems, and stepping up the building of the socialist legal system.

Over the past 2 years, these reforms have been carried out to differing degrees. However, there is no denying the fact that reform of the political structure has not progressed quickly. The main reasons are: Reform of the political structure and the economic situation are inseparable, and excessively rapid and overheated economic development has resulted in loss of control, so that the

authorities have been obliged to regard improvement and rectification as the central task over the past few years; and reform of the economic structure and reform of the political structure can only be carried out when society is stable, and economic stability is a prerequisite for social stability. Nevertheless, the stage of improvement and rectification does not signify the temporary suspension of reform. On the contrary, relative economic and social stability creates conditions for reform of the economic and political structures.

So long as we conduct sober and reasonable analysis, we can discover that China's reform is comprehensive. It is not the case that we want only reform of the economic structure, but not reform of the political structure, but that we take the dialectical and safe road of "reform of the economic structure being the basis of reform of the political structure and reform of the political structure being the guarantee of reform of the economic structure."

BAN YUE TAN on 'Peaceful Evolution'

Part One

OW2112133289 Beijing BAN YUE TAN in Chinese
No 20, 25 Oct 89 pp 57-59

[Part one of article by Rui Bian (5360 6708): "Tactics Used by the West in Promoting 'Peaceful Evolution'"]

[Text] In order to bring about a peaceful evolution in socialist countries, the Western countries, including the United States, are trying their best and sparing no efforts to achieve their goal. They have adopted all types of tactics to "score victory without fighting a battle." These tactics are mainly divided into six categories:

1. Using trade as a political pressure to engage in extortion and blackmail or using economic aid as bait to induce socialist countries to side with the Western countries and put them into the capitalist orbit.

After its founding in October 1949, the People's Republic of China chose the socialist road and greatly strengthened the strength of the forces of world socialism. In November of that year, the United States colluded with 14 capitalist countries to secretly establish an international organization in Paris to impose economic blockade and embargo against socialist countries. That is the COCOM (Coordinating Committee for Export Control), which still continues to play a significant role. One of the important aims of the COCOM is to make use of economic means to strangle socialist countries and force them to make concessions.

In the early 1970's, the United States, bogged down deeper and deeper into the quagmire of the Vietnam war, began to readjust its relations with the Soviet Union, talking more and more about U.S.-Soviet interests for peace and security and trying to win over the Soviet Union with benefits in trade and economic affairs. In October 1972 President Nixon visited the Soviet Union,

and the two countries signed a trade agreement. Two years later, the U.S. Congress passed a "trade reform act"—the "Jackson-Vanik Amendment"—and once again used trade as a means to exert pressure. According to the "Jackson-Vanik Amendment," the Soviet Union must allow more Jews to freely emigrate to other countries. Only by doing so would it be possible for the United States to accord the Soviet Union most-favored-nation treatment and provide it with larger trade credits. The Soviet Union categorically turned down the offer, saying it was a means to truculently interfere in its internal affairs.

It is normal for some contradictions and frictions to emerge among socialist countries; however to the West, these are fine opportunities to sow dissension. In 1975 the United States forgot COCOM's regulations to control exports to communist countries and declared that Romania be accorded most-favored-nation treatment so as to "encourage it in its independence from Moscow" and to "widen the gaps in the Soviet bloc."

After Gorbachev took office in 1985, he vigorously reformed the economic and political systems. The West held that the Soviet Union "is showing less interest in waging geopolitical struggles" and that Romania's "independence" is no longer something significant. In February 1988 the United States accused Romania of "refusing to carry out reform" and of "violating human rights" and announced that from 3 July it would stop according Romania most-favored-nation status. On 9 June 1988, THE NEW YORK TIMES carried a report: "The United States Encourages Its Allies To Use Their Loans to the East European Bloc as a Means To Increase Their Influence." "The United States tells its allies to turn down credit applications and refuse their offers of financial aid to East Europe unless the East European countries first carry out political reform and replace totalitarian politics with democratic politics."

The United States and its NATO allies indeed did things like that. When Polish workers were on strike in 1980 and the trade union Solidarity flourished, the West was wild with joy, saying that "a glimpse of democracy" had appeared in Poland. Financial aid from the United States, Germany, and other West European countries kept pouring in, proving that the "workers' strikes have won full support of the West." On 13 December 1981, in order to quell the turmoil and exercise military control over the whole country, the Polish Government outlawed the trade union Solidarity. The West was stunned and annoyed. On the same day, the United States announced "sanctions" against Poland. Other Western nations followed suit one after another. The Polish economy had suffered a great deal from the workers' strikes and was in dire need of foreign aid; however, the West refused to loan a penny despite numerous appeals.

In January this year, Poland decided to promote a multi-party political system and a trade union. In June the trade union Solidarity won in a general election. On 12 September Mazowiecki of the trade union Solidarity

organized Poland's first non-Communist Party-led government in 45 years. The West held that this was the "beginning of a new era in Europe" and it was of "exemplary significance" among Communist countries. Therefore, the United States, the EC countries, and Japan have taken actions to help Poland economically. According to a NEW YORK TIMES report, U.S. officials had worked out a "small Marshall Plan" which would provide \$10 billion in aid to Poland.

In the meantime, because of China's success in quelling the counterrevolutionary rebellion and thoroughly foiling plots by Western anticommunist forces to promote "peaceful evolution" in China, the Western monopoly capitalist class flew into a rage from shame and announced the abrogation, annulment, freezing, and postponement of aid or new loans to China so as to "punish" and impose "sanctions" against it. From this, people can clearly detect the political plots behind the economic aid.

2. Using the news media to spread rumors and confuse people, undermine stability in socialist countries, vigorously carry out ideological infiltration, and energetically peddle the bourgeois concept on values.

For a certain period, we lacked understanding of the use of news media for promoting "peaceful evolution" by the West, including the United States. In fact, Western officials and statesmen have never hidden what they did. In 1950, Dulles said: "We have 'Voice of America' and 'are carrying out an ideological war.'" In April 1957 he declared arrogantly: "The 'Voice of America' is making the world know what freedom is." In February 1987 Reagan delivered a message of greetings to mark the 45th anniversary of the founding of the "Voice of America" in which he said: "The 'Voice of America' is a gigantic military strength, a fire which lights up the darkness in Communist society."

How does the "Voice of America" light? Please listen to an "excellent" remark made by Nicolaides, deputy director of the "Voice of America," on 21 September 1981. He said: "We should undermine stability of the Soviet Union and its satellite nations and help increase friction between their peoples and governments.... We should fan the nationalist flames and stir up religious feelings behind the Iron Curtain." He thus made clear the vicious plots of the American authorities.

During the turmoil in Beijing, the "Voice of America" broadcast three programs each day beginning 17 April. Each 8-hour program beamed to China spread a great many hideous rumors and confused many people. After China quelled the turmoil on 4 June, the "Voice of America" once again increased its Chinese-language broadcasts by 4 hours each day, launching a large-scale offensive to spread rumors and creating an extremely bad influence.

In August 1989 turmoil occurred in three republics along the Baltic Sea. Some splittists among the minority nationalities held parades and demonstrations,

demanding that they be separated from the Soviet Union. At that time, the "Voice of America," "Radio Free Europe," "Radio Liberty," the British "BBC," West Germany's "Deutsche Welle," and other Western radio stations displayed their skills to the full. In their Russian-language programs, they vigorously spread hatred among various nationalities and provided reference material for fanning splittism among splittists to the point of stirring up armed struggles.

Western anticommunist forces have realized that the more stable, united, and prosperous a socialist nation becomes, the more difficult it will be to bring about a "peaceful evolution." Therefore, they invariably support turmoil to the point of creating turmoil in order to make use of it to bring about changes. This is why they pay special attention to radio stations in the socialist countries. Eisenhower once said that "\$1 spent on propaganda is equivalent to \$5 spent on national defense." The U.S. Government has appropriated \$1 billion for radio broadcasting since 1983. In his book "The Real War," Nixon clearly said: "They (socialist countries) need our technology and need to do businesses with us. They have no ways to prevent our radio stations from reaching them. When they open their door to get what they want, we should try our best to push more truth into the door." That is to say, it is necessary to push the Western "truth"—the bourgeois concept of values, the decadent mode of life, and the Western ideologies—into socialist nations; to arm the "democratic forces" there; and, in the final analysis, to ensure that the West can "score a victory without fighting a battle."

Part Two

OW2112141089 Beijing BAN YUE TAN in Chinese
No 21, 10 Nov 89 pp 53-55

[Part two of article by Rui Bian: "Tactics Used by the West in Promoting 'Peaceful Evolution'"]

[Text] 3. Using "human rights" as a watchword to interfere in the internal affairs of socialist countries; and to train, support, and cultivate "dissidents" who are opposed to the governments of their own countries.

During the postwar period, the United States and other Western countries used human rights as a watchword to attack the socialist system and wantonly carry out anti-communist political and ideological propaganda and infiltration. They clamored about the "trampling of citizens' rights in the communist world" and hurled invectives against countries under communist leadership, calling them "totalitarian states" that practice a "one-party system." Eisenhower even vilified socialist countries as nations that "enslave" their people. The propaganda activities during the "Week of the Captive Nations" are held each year to incite the people of socialist countries to rise and "fight for human rights and achieve liberation." After Kennedy took office in 1961, he further stressed the need to "fully exploit the human rights issue to exert a moral impact." After Carter became U.S. president in 1977, he even flaunted the

slogan of "Human rights diplomacy," declaring that "moral power should be used to make up for inadequacies in military strength." Soon after he took office, he received Solzhenitsyn, a Soviet dissident whom his predecessors had refused to meet. In April 1979, in the name of safeguarding human rights, the Carter administration exchanged with the Soviet Union two "low-level spies" of the Soviet Union in the United Nations for five Soviet dissidents, including Ginsburg.

In June 1982, after Reagan delivered a speech at the British Parliament calling for "promoting democratization around the world," the U.S. Chamber of Commerce, trade unions, and all types of economic and political organizations established the "National Foundation for Achieving Democracy," specifically designed to carry out activities to promote the so-called human rights and "democratization." This year the U.S. Congress appropriated \$25 million for that foundation. This foundation has already established a global network of activities. For instance, the "Human Rights Monitoring Network" established by (Hawke), former official of Amnesty International, is responsible for reporting on human rights in East Europe; and the "Center of Democracy" based in New York is tasked with providing books, printing equipment, computers, and U.S. dollars to "democratic elements" in the Soviet Union.

Since 1985, flaunting the "human rights" banner, the United States has stopped its support for the UN Fund for Population Activities, which supports planned parenthood in China. In February this year, without China's prior consent, the U.S. side invited "dissident" Fang Lizhi to a farewell banquet given by Bush. Since mid-April, major U.S. officials have repeatedly expressed support for "the prodemocracy student movement." After China had put down the counterrevolutionary rebellion, the United States again declared its "sanctions" against China; actively cultivated Yan Jiaqi, Wuer Kaixi, and their company in exile; and pinned the hope for "peaceful evolution" on these people.

In October this year, Norway's Nobel Committee conferred the 1989 Nobel Prize on the Dalai Lama. It is well-known that many people died in the armed rebellion stirred up by the Dalai Lama in 1959. He is a political exile bent on dividing China. On two occasions in the past, the Nobel Peace Prize was awarded to "dissidents" of socialist countries; namely, Sakharov, a Soviet "dissident," and Walesa, chieftain of the Polish opposition faction. The West's sinister motive of supporting "dissidents" in socialist countries is clear to all people.

4. Using "personnel contacts" as carriers of the Western ideologies to carry out ideological and cultural infiltration of socialist countries.

U.S. President Kennedy always advocated "punching a hole in the Iron Curtain" and "cultivating the seedlings of freedom through cracks in the Iron Curtain." In order to cultivate this type of "seedling," the West, particularly

the United States, truly spares no expenses. In his memoir, Eisenhower wrote: "In 1958, I had studied and drafted a proposal demanding that the United States and the Soviet Union exchange visits by college students en masse from both sides. The total number of such college students may reach as many as 10,000. I even went to the extent of drafting a letter to Bulganin with the intention of inviting several thousand Soviet students to the United States at our expense and allowed the Soviets to decide if they would invite the same number of American students to go to their country." Why would this U.S. president become so "generous"? Speaking without reservation, Eisenhower said: "I am tired of dealing with this generation of communists who have profound prejudice. One day, a group of new men and women will seize power in the Soviet Union. That generation of people is who we will strive to win over."

At the beginning of the 1960's, U.S. Secretary of State Dean Rusk and others summed up the lessons that "containment" and the "Cold War" fought by the West helped little in bringing about "peaceful evolution" in socialist countries. He worked out a new strategy of "using contacts to bring about evolution." He advocated contacts between the East and West Germans and changed the inflexible policies he had adopted in the past. In March 1964 Harriman, former U.S. ambassador to the Soviet Union, addressed the Congress, emphatically pointing out that "the U.S. policy is using every peaceful contact at present to encourage evolution which is now taking place." Nixon spoke highly of this concept. In his book "Real Peace" published in 1984, he said: "As far as the Soviet system is concerned, one of the greatest flash points is the contact between their ideas, men, and society and ours...because this kind of contact will spread the seeds of dissatisfaction, and these seeds will one day bear the fruit of peaceful evolution." Nixon held that if the West tries to isolate the East and refuses to maintain personnel contacts and declines to exchange visits with the East, the West will lose a most effective weapon in dealing with Soviet leaders.

U.S. policy makers have attached great significance to personnel contacts and regarded them as important means for bringing about "peaceful evolution." Each year, the United States invites several hundred or several thousand "stars of tomorrow" to engage in advanced studies, to visit, or to take courses free of charge. The duration of their visits to the United States varies from several weeks to 3 months or ½ to 2 years. They hope to exert a subtle influence on these people and implant the U.S. concept of values on them, and through them, on the socialist nations. U.S. Republican Senator Helms undisguisedly said in the Congress in 1987: "Now is the time to tell the People's Republic of China: There is no free lunch here (to aid the Chinese students studying in this country). We have a clear-cut foreign policy with a country). We have a clear-cut foreign policy and its goal, that is, we like to exert a gradual influence on the foreign students studying in the United States to learn about the principle of freedom and democracy on which we build

our nation." The U.S. Information Service also undisguisedly published an article saying that the United States should instill the U.S. concept of values in China's growing young generation. This is even more important than teaching them science. The article pointed out: It is worthwhile to spend some money in this connection, and "this is a wise investment, as far as the West is concerned." "We should not ignore the significant meaning in training a large number of future Chinese leaders."

In the meantime, the United States also developed the "Peace Corps" and the "Fulbright Project," sending specialists, scholars, and other personnel to other countries to "help" carry out work or academic exchanges. A U.S. Government document dated 6 May 1989 said: "As seen from the current situation, the 'Fulbright' professors whom we sent out to popularize American culture have played a significant role. They have taken with them pamphlets which propagate American democracy and have won widespread popularity among the students." Former U.S. Ambassador to China Lord also said: "The contributions made by 'Fulbright' scholars in China are indelible. When they leave China after fulfilling their tasks, their influence will remain in China forever." Oksenberg, a U.S. expert on China, also said: The United States let Chinese students and visiting scholars accept the U.S. concept of values and take them back to China. Teachers and technicians who work in China play the "same role." This is the goal of the "personnel contacts" hankered after by the United States and other Western nations.

Part Three

OW2112143589 Beijing BAN YUE TAN in Chinese
No 22, 25 Nov 89 pp 56-57

[Third and final part of article by Rui Bian: "Tactics Used by the West in Promoting 'Peaceful Evolution'"

[Text] 5. Religion is used to resist and weaken Marxist ideology in order to boost the arrogance of the antisocialist forces.

Important political figures in the United States attach great importance to using religion to ideologically infiltrate socialist countries. While addressing the British Parliament in June 1982, Reagan tried to mobilize the church, foundations, trade unions, and all other Western "nongovernmental organizations" that could be used to participate in a peace offensive against communism. In October 1959 Kennedy highly praised Polish Primate Wyszynski for the tactics he had adopted in promoting the "gradual, prudent, and peaceful improvement of Polish relations (with the West) and cultivation of the seeds of freedom."

In recent years the United States has further strengthened its relations with the Vatican, the center of Catholicism in the world, in order to make full use of religious forces in promoting "peaceful evolution." Since the 1970's successive U.S. Presidents have flown to Rome to pay respect to the pope. In 1983 the then U.S. Secretary

of State Shultz announced that the State Department had allocated \$450,000 as a special fund to strengthen U.S. cooperation with religious leaders and increase the exchange of visits by the latter. The United States established formal diplomatic relations with the Vatican in January 1984. Shortly before the June 1987 Venice summit of seven Western countries, Reagan interrupted his 4-day vacation to pay a special call on the pope in Rome and to hold talks with the latter on the ongoing reforms in the Soviet Union and Eastern Europe as well as on U.S.-Soviet relations.

After assuming the papacy, Pope John Paul II adjusted the Vatican's policy toward the East European socialist countries in an attempt to "become reconciled with" communism. In fact, however, such a policy was designed to "beat back communism"; and the way to do so was to "beat back communism morally, and not politically." The change of tactics by the Vatican shows clearly in the following two aspects:

A. Cardinals are appointed according to the will of the pope in order to lay an organizational foundation for ideological infiltration. In recent years the pope has refused to appoint bishops from among members of the fathers' associations established by East European governments; he has wanted to appoint bishops from among those taking an antigovernment stand. For example, Yugoslav Cardinal (Kuhanic) has always criticized the Yugoslav Government's atheistic policy on education. The two bishops appointed by the pope in Lithuania are no collaborators of the Soviet Union. After Klemp was appointed cardinal in Poland, the Catholic Church became a popular haven for those engaging in political activities. In Hungary, the pope's call for "the bishops of that country to work hard and get more things done" has had some effect. On 2 December 1982 a state-run radio station in Hungary broadcast a report on a religious ceremony for the first time; now the number of students at seminaries has increased. On 23 April 1988 Czechoslovak Archbishop (Tomasek) wrote a letter to Czechoslovak Premier Strougal, in which he called for thoroughly changing state policy on religion and holding a "dialogue" between the church and the government on an equal footing.

B. The pope has personally gone to socialist countries to preach and has publicly shown the banners of "political pluralism" and "protection of human rights."

In March 1979, on his first visit to Poland, Pope John Paul II openly indicated that he was determined to expand his influence by personally carrying out activities abroad. During his second visit to Poland in June 1983, he made eight speeches and received Walesa, Solidarity leader, and his family. While preaching in Krakow, his native place, he described those practicing anarchism in a big way as persons who were doing so "out of their fervent love for the fatherland." On his third visit to Poland, in June 1987, he stated explicitly that the Polish church "must give first priority to the struggle for human

rights and political pluralism." He stressed that the church "should accept the objectives and tactics of Solidarity as its own."

Western monopoly bourgeoisie drags people into its camp, infiltrates socialist countries, collects intelligence, plots and supports rebellions, and undermines socialism through secret channels.

According to information provided in 1986 by French intelligence expert (Pierre Degeluopu), adviser to the American Rand Corporation, U.S. intelligence organizations employed a total of 135,000 people; in Britain, only radio monitors numbered 10,000; and France has "only a 3,500-man secret attack force."

After Reagan came to power in the early 1980's, the U.S. Central Intelligence Agency again placed the stress of its work on overseas covert operations, with a view "not only to getting the secrets of other countries" "but, more importantly, to influencing the attitudes of those countries." Reagan said that covert operations were "a part of U.S. foreign policy," one important objective of which is to bring about "peaceful evolution" in socialist countries.

To carry out covert operations, the United States recruited personnel and organized forces everywhere. According to press reports, the CIA recruited a large number of personnel in socialist countries by giving them excellent pay to collect intelligence for it. In August 1981 WASHINGTON POST reporter Anderson reported: CIA Director Casey "earnestly hopes to instigate others to make trouble for the regimes of unfriendly countries, such as Cuba." "He does not mind which people the CIA will select to do such dirty work." Trained American agents often carry out their activities in disguise; the most common way is to disguise themselves as "tourists" or "journalists" to do their work. In the first half of 1981, more than 1,000 journalists went to Poland to gather news, over 100 of whom were deported because they engaged in activities not connected with journalistic work.

In as early as 1975, the U.S. CIA believed that Poland would be "a weak link" of the East European socialist countries that could be broken through "most easily." In 1978, 120,000 Americans of Polish origin went to Poland to "sightsee and to visit relatives," and many of them "settled down in the fatherland." It was through such secret channels that the United States had supplied Solidarity with publications, equipment, and money. Later, facts showed that many of those who returned to their country to settle down were American spies or people who were hostile to the socialist system. They played a role in inflaming and agitating people, inciting one against the other, and making things worse.

Central Discipline Commission Stresses Honesty

HK2712045889 Beijing RENMIN RIBAO in Chinese
20 Dec 89 p 3

[Dispatch by reporter Zheng Hongshen (6774 4767 3234): "Responsible Person of the Central Discipline Inspection Commission Interviewed by RENMIN RIBAO Reporter on Anti-Corruption Struggle"]

[Text] When interviewed by this reporter the other day, the responsible comrade of the CPC Central Discipline Inspection Commission (the CDIC) said: It has not been easy for the anti-corruption struggle to have a good beginning, we must watch out for the re-emergence of the abnormal trend of people using public funds for entertaining their guests at the end of this year and the beginning of next year.

Since the 4th Plenary Session of the 13th CPC Central Committee, party committees at all levels have carried out the four tasks advanced by the Central Committee, overcome the situation in which we attached too much importance to material civilization and too little to spiritual civilization, paid attention to party building, and put on the important agenda the work aimed at cracking down on corruption. The CPC Central Committee and State Council have recently made several timely decisions that are of concern to the masses, are determined to take the lead in upholding honesty and abiding by the laws beginning with the leading comrades of the Party Central Committee and State Council, working hard, and cracking down on corruption. All these jobs have had satisfactory results. They have set an example for the whole party. Many localities and departments have worked out stipulations on opposing corruption and promoting honesty. Their leading cadres take the lead in promoting honesty and they are followed by their juniors. Now an honest and anti-corruption environment has emerged. There are fewer people now who use public funds to entertain their guests and buy them presents than in the past. And the previous phenomena in which people eat at every feast and indiscriminately invite guests has been in check. Nonetheless, cracking down on corruption is still a formidable duty. With respect to people using public funds to entertain their guests, this problem is still very serious in some localities, departments and units.

The CDIC remarks that we must fully affirm the good results of the on-going anti-corruption struggle but cannot overestimate them and that we must unswervingly and patiently stick to our work, and especially watch out for the practice of people using public funds to entertain their guests during the Spring Festival and other festivals. As the new year and Spring Festival are drawing near, the CDIC urges party organizations at all levels and members of the whole party to have the cardinal principles in mind and take the overall situation into account, take positive and effective measures to stop people using public funds indiscriminately, and

take specific action to strengthen and develop the good results already reaped in our anti-corruption struggle. The CDIC pointed out:

1. It is necessary to continuously and earnestly study and implement the spirit of the 4th and 5th Plenary Sessions of the 13th CPC Central Committee, and have thorough understanding of the paramount importance of cracking down on corruption to the close relations between the party and the masses, strengthening the unifying force and combat effectiveness of the party, and reinforcing the socialist modernization program under the leadership of the party. We must also see the significance of the arduous struggle and leading a thrifty life for several years as suggested by the Party Central Committee under the current temporary economic difficulties to further implementing the improvement and rectification policies. It is necessary to arouse the consciousness of all members of the party to cherish honesty and guard against corruption, use no public funds to entertain their guests, and waste no money extravagantly.

2. Superior organizations and units must remind their lower level workers to resolutely abide by the stipulation of the Party Central Committee and State Council. They must not use any excuses or any means to offer their gifts to their superiors or entertain them. The superiors must not make any attempt to ask for money from their inferiors. Everyone must strictly abide by financial and economic disciplines and must not hand over bonuses or public funds indiscriminately for the new year, otherwise the organization concerned and the person in charge of a unit will definitely be held accountable.

3. Party organizations and discipline inspection organs at all levels must strengthen their supervision and inspection of the enforcement situation of the stipulation by the Party Central Committee and State Council that "entertaining guests and offering gifts are strictly prohibited." Should they find out any problems they must solve them at once. Those who seriously defy and stubbornly break it must be punished severely.

The CDIC hopes that party and government organizations at all levels and all communist party members, especially those leading cadres of party members, will take the lead in complying with the stipulation of the Central Committee and State Council and spend an honest, simple, frugal and meaningful new year and Spring Festival.

NPC Laws Promote 'Socialist Democracy'

OW3112082989 Beijing XINHUA in English
0805 GMT 31 Dec 89

[Text] Beijing, December 31 (XINHUA)—The National People's Congress (NPC), China's highest legislative body, is paving the way for the country's socialist democracy and politics.

The People's Congress system is the basic political system for China, and according to the Constitution,

Chinese citizens enjoy the right to administer state affairs, economic and cultural affairs and social affairs.

The NPC procedural rule, passed in April of this year, has provided a legal guarantee for the NPC's right to make laws, participate in decision-making on major issues, supervise and decide personnel appointments and removals.

To improve the People's Congress system and strengthen the building of socialist democracy and politics China has issued over the past ten years a series of laws, including the NPC Organization Law, the organization law on local People's Congresses and governments at various levels, a law on the selection of deputies for the NPC and local People's Congresses at various levels, and procedural rules for NPC Standing Committee.

To date, China's legislatures at various levels have been provided legal guarantees in the implementation of their rights and self-construction.

Deputies to the People's Congress below county level are now chosen through direct selection based on relevant rules.

The newly-issued organization law on urban neighborhood committees and a similar law on rural residents committees stipulated that both the committees are self-managing, self-educating and self-serving mass organizations.

The release and implementation of these two laws is believed to be beneficial in promoting democracy on a basic level.

In a bid to protect the citizens' rights to demonstrate and rally, China published its first demonstration law since 1949 this year.

Chinese legislative bodies are trying to expand ties and increase channels for dialogue with the masses to promote the citizens' participation in government and political affairs.

More than one hundred representatives from the people and government organizations have observed the NPC Standing Committee's meetings since a public gallery was added to the meeting hall last year.

All provincial People's Congress standing committees have also set up visitors' seats in their meeting halls.

Nevertheless, China still has to make more efforts to promote its citizens' awareness of observing laws in order to improve its socialist democracy and politics.

Trade Union Federation Committee Holds Meeting

Officials Elected, Dismisses

OW2712092889 Beijing XINHUA Domestic Service
in Chinese 0912 GMT 25 Dec 89

[By reporters Xu Kehong (1776 0344 3163) and Huang Xiaonan (7806 2556 0589)]

[Text] Beijing, 25 Dec (XINHUA)—The 2d Meeting of the 11th Executive Committee of the All-China Federation of Trade Unions [ACFTU] today announced that Yu Hongen [0060 3163 1869], former president of the China National Coal Corporation, was elected vice president and first secretary of the ACFTU Secretariat.

Yu Hongen, 62, was a coal miner and served as minister of the Coal Industry. He once said he had been digging coal all his life. After he was elected, Yu said that assuming a leading ACFTU post was a new test for him.

The Executive Committee meeting also elected Yang Xingfu [2789 5281 1381], former vice chairman of the Shandong Provincial People's Congress Standing Committee, as vice president of the ACFTU; and elected Xue Zhaoyun [5641 2507 9462], former president of the Shaanxi Provincial Federation of Trade Unions, and Zhang Guoxiang [1728 0948 4382], former head of the Chongwen District of Beijing Municipality, as members of the ACFTU Secretariat.

The above four persons also were elected members of the 11th ACFTU Executive Committee.

The ACFTU Executive Committee and Presidium also decided to remove Zhu Houze from the posts of the vice president and first secretary of the ACFTU Secretariat.

Ni Zhifu Speaks

OW2812013289 Beijing XINHUA Domestic Service
in Chinese 1131 GMT 25 Dec 89

[By Reporters Huang Xiaonan (7806 0879 0589) and Xu Kehong (1776 0344 3163)]

[Text] Beijing, 25 Dec (XINHUA)—The 2d Meeting of the 11th Executive Committee of the All-China Federation of Trade Unions [ACFTU] ended here today. The meeting adopted the work report presented by Ni Zhifu on behalf of the Executive Committee and elected an additional vice president, a new first secretary, and new secretariat members.

ACFTU President Ni Zhifu spoke at the closing of the meeting. He said that trade unions should consciously accept the party's leadership. At the same time, they should proceed from their nature and characteristic as a mass organization to independently carry out their work in accordance with the law and trade union charter to faithfully perform their social function, forge close ties with the masses, and win the confidence of the broad masses of workers and staffs.

Speaking on the temporary difficulties facing enterprises at present, Ni Zhifu called on trade unions at all levels to closely watch the developing trends, keep abreast of the situation, and do everything they can to meet the basic daily needs of workers. Efforts should be made to promote effective ways to achieve this purpose—including organized assistance to the poor by model workers and the China Association for Science and Technology—and to mobilize and organize workers and staffs to help those workers who are having great difficulties in reflecting the spirit of fraternal love.

Ni Zhifu pointed out: Maintaining sustained stability of the political situation in China and maintaining stable and balanced development of the economy will be the two issues of major importance next year, and the ACFTU will gear its work to meeting these two objectives.

It is learned that the ACFTU plans to send representatives to various localities next year to solicit opinions of grassroots trade unions and local party and government leaders regarding the leadership structure of trade unions, the scope and form of the trade unions' democratic involvement in and social supervision over government work, and the trade unions' cadre management structure in order to further promote trade union work in the future.

Jurists' Symposium Stresser Cardinal Principles

OW1812020289 Beijing XINHUA Domestic Service
in Chinese 1622 GMT 15 Dec 89

[By reporter Zhou Lixian (0719 4539 2009)]

[Text] Beijing, 15 Dec (XINHUA)—A symposium on "upholding the four cardinal principles and prospering the science of law," sponsored by the Law Society of China, closed here today. The meeting pointed out that, to uphold the four cardinal principles and oppose bourgeois liberalization in the jurisprudential field is not only a current urgent task, but also a long-term task for years to come.

The meeting emphasized: We oppose bourgeois liberalization and plan to carry out a thoroughgoing self-reform, so that our jurisprudential studies will be conducted under the guidance of Marxism-Leninism-Mao Zedong Thought, and will provide an even better view and scientific and theoretical basis for our economic construction, building of spiritual civilization, establishment of democracy and the legal system, improvement of the economic environment, rectification of economic order, and deepening of reform.

The meeting called on jurisprudential circles to seriously study the Marxist stand, viewpoint, and method, study basic Marxist and jurisprudential theories, and conscientiously use Marxist theories to guide jurisprudential research. The meeting pointed out: In the jurisprudential field, it is necessary to continue to implement the "policy of letting a hundred flowers blossom and a hundred

schools of thought contend." We should continue to encourage the emancipation of the mind and bold exploration in jurisprudential research. We should advocate respect for facts, uphold truth, conduct comradely discussion and debate, and permit exploration and reservation of different opinions. At the same time, we should prevent bourgeois liberalists from using the "policy of letting a hundred flowers blossom and a hundred schools of thought contend" to publicize bourgeois liberalization, so that the policy can retain its socialist character and truly play a role in prospering socialist science and culture.

Present at the opening ceremony of the symposium on 12 December were Ren Jianxin, president of the Supreme People's Court; Cai Cheng, minister of justice; and Wang Zhongfang, president of the Law Society of China. Zhu Jianming, executive vice president of the Law Society of China, addressed the symposium.

Meeting on Primary Party Organizations Held

HK2712142989 Nanning Guangxi Regional Service
in Mandarin 1100 GMT 25 Dec 89

[Text] From 18 to 22 December, more than 70 representatives from 11 provinces, cities, and autonomous regions of the country, including those from some prefectures and cities of our region, attended a symposium in Qinzhou.

The symposium focused on discussing how to give full play to the role of primary party organizations in the rural areas as leading cores.

Participants in the meeting pointed out: There are many reasons behind the situation in which primary party organizations in some rural areas of the country are weak and lax in discipline. To put an end once and for all to such a situation, it is essential to combine the effort to strengthen primary party organizations in the rural areas with the endeavor to consolidate political power, as well as economic construction and the building of the two civilizations as a whole.

Leaders of the organization department and propaganda department of the regional party committee and those of the Qinzhou Prefectural Party Committee and Administrative Office attended the meeting. Regional party committee Deputy Secretary Liu Mingzu delivered a speech at the meeting.

The symposium was jointly sponsored by eight organizations including RENMIN RIBAO, QIUSHI monthly magazine, BAN YUE TAN journal and the Qinzhou Prefecture Party Building Society.

Collapse of Major Housing Schemes Seen

HK0301013790 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 3 Jan 90 p 1

[By Geoffrey Crothall]

[Text] The World Bank's ambitious housing reform programme for China is in danger of stalling due to the retraction of domestic demand and official inertia.

Major urban centres such as Guangzhou and Shanghai are still edging ahead with plans to raise rents and sell off public housing, but in other areas the reforms, initiated in February 1988, have virtually ground to a halt.

Local officials, uncertain of what Beijing's current attitude to reform is, and unsure how to carry out the programme, have taken the easiest course and done nothing.

Even in Guangzhou, one of China's richest cities, the reforms are beginning to ebb after an initial buying spree stimulated by a 20 percent price discount offered on October 1 last year to residents who bought their flats within a month.

"Nearly everyone who could afford to buy their flats has already done so. It is almost impossible to borrow money for house purchases now, so unless the municipal government comes up with a loan scheme, the reform programme will gradually come to a halt," a private businessman in Guangzhou explained.

The World Bank programme called for a radical change in China's housing system to relieve the state's burden of construction and maintenance costs and prevent the country's housing stock falling into a "spiral of decline".

The housing boom of the 1980s, during which more than 70 percent of China's current housing stock was built, has run its course leaving the state with astronomical outlays to recover.

However, it is estimated that urban rents at their current level represent only 10 percent of the total cost recovery.

"China is in a position where neither the landlord (the state) nor the tenant is willing or able to pay for housing construction and maintenance costs," a World Bank economist said.

"Unless urgent action is taken, China's urban housing stock will fall into even greater decline," he added.

The World Bank advocated implementing a 25 percent urban wage increase to allow for full housing cost recovery from rents, the wholesale trading of units to resolve poor allocation of stock, the clarification of property rights, the development of housing banking, and the encouragement of property developers to diversify the housing stock and create supply-demand feedback.

However, such wide-ranging reforms, first suggested when former general secretary Mr Zhao Ziyang was still in the ascendancy, have now largely been abandoned in favour of local, piecemeal reforms.

Guangzhou plans an across the board rent rise this year, to be offset by a 40 percent subsidy from local state

enterprises, and some banks in Shanghai have set up special high-interest deposit accounts for potential house buyers.

At the national level, the only aspect of housing reform still being encouraged by the State Council's Leading Group on Housing Reform is the sale of public housing.

The group estimates that if half of China's public housing stock were sold to private buyers, 200 billion yuan (about HK\$330 billion) could be recouped for further investment in construction and maintenance.

However, as the World Bank economist pointed out: "No one wants to buy right now."

The Guangzhou businessman said: "Many urban residents, even if they can afford to buy, are reluctant to do so because they feel the state owes them cheap housing.

"Local officials are reluctant to carry out reform because they have privileged access to the existing stock. They are scared reform will mean they will lose the best housing to the private entrepreneurs who can afford it."

Identity Numbers for Citizens, Enterprises Issued

*OW2812013489 Beijing XINHUA Domestic Service
in Chinese 0745 GMT 22 Dec 89*

[By reporters Li Anding (2621 1344 1353) and Jiang Zaizhong (1203 0961 1813)]

[Text] Beijing, 22 Dec (XINHUA)—The State Bureau of Technology Supervision today issued and put into effect two national standardized designations having an important bearing on the social and economic lives of the people—"social security numbers" and "code names of the nation's enterprises, institutions, and social organizations."

Implementation of the designations will pave the way for China to institute systems of "social security numbers" and "uniform code names." The State Council has approved the institution of such systems. Each 16-digit social security number represents the only, lifetime identification number awarded to a citizen by the state. The number forms the basis of an individual's social dossier, establishing his identity in banking transactions, property insurance, medical care, employment, and other social security matters. It will also be used extensively in demographic statistics, voter registration, matters related to compulsory education, taxation, social statistics, and other matters requiring identification of an individual.

A uniform code name is the legal designation awarded exclusively to an enterprise, institution, or social organization by the state. The code name, which will remain unchanged during the existence of the entity concerned, will be used in business registration, establishment and management of organizations, registration of social organizations, management of bank accounts, property insurance, taxation, social security affairs, planning,

statistics, materials control, financial appropriations, and registration of intellectual property.

Implementation of the two social systems will give effective and scientific protection to the legal property, social welfare, and security of an individual or unit. It will provide government agencies with a scientific way to strengthen their administrative work and to effectively supervise the social and economic activities of an enterprise, institution, social organization, or individual. It will also benefit efforts to computerize and automate management operations and information exchange services. All in all, it will provide the nation with a scientific foundation to improve its supervisory and management systems and to raise its overall efficiency.

Television Producers' Licenses To Be Reviewed

*OW0712191589 Beijing XINHUA in English
1612 GMT 7 Dec 89*

[Text] Beijing, December 7 (XINHUA)—All licences previously granted to TV drama producers around the country will be re-examined and renewed, the Ministry of Radio, Film and Television announced here today.

According to the ministry, starting on New Year's Day next year, new licences will be necessary in order for any TV drama producers to have their work broadcast by TV stations at all levels.

The ministry said the granting of licences had not been well managed, and as a result, some licences were even sold for profits.

The ministry stressed that it is of great importance to improve the quality of TV dramas as the industry has boomed in recent years. In 1979, no more than 10 TV dramas were produced while the figure for this year is said to exceed 3,000.

Tourist Arrivals Exceed Expectations

*HK2812020489 Beijing CHINA DAILY in English
27 Dec 89 p 1*

[By our staff reporter Ma Lixin]

[Text] More overseas tourists are coming into China than previously expected, although China's tourism industry suffered greatly after the June turmoil.

Information provided by the National Tourism Administration (NTA) indicates that the total number of overseas tourists entering China reached 22.22 million by the end of November—only 770,000 short of the country's adjusted target for the year.

Officials from the administration predicted that the number of overseas tourists coming to China will surpass this year's target, which was adjusted to reflect the declining trend after June.

The number of international visitors coming to China has increased steadily since the tourism plunge in May

and June. Last month, for instance, a total of 2.06 million overseas visitors entered the country. Though the figure still represents a 14.6 percent drop from the same month last year, November is the best month for China's tourism market, NTA officials said.

Among the overseas tourists in November, the number from Hong Kong and Macao held the lion's share at more than 1.93 million of the total of 2.06 million visitors, a 13.7 percent decrease from last year. Visitors from Taiwan and foreign countries totalled more than 110,000, about a 27.6 percent drop from the same month of last year, and about 6,900 overseas Chinese visited China, an increase of 11 percent, according to the officials.

Last month, 250,000 overseas tourists came to China in organized groups, of which about 130,000 were received by tourism organizations and about 120,000 were received by non-tourism institutions, the officials said.

They noted that last month visitors to China from three Southeast Asian countries, the Philippines, Singapore and Thailand, approached last November's number.

Meeting Held on Legal Education for Self-Employed

*HK1812065689 Beijing RENMIN RIBAO in Chinese
6 Dec 89 p 2*

[Dispatch by Reporter Li Erlang (2621 5079 0081): "Zhengzhou Meeting Discusses Legal Education for Individual Business Operators"]

[Text] Zhengzhou, 5 Dec—In the course of improving the economic environment and rectifying the economic order, it is necessary to greatly strengthen legal education among individual craftsmen and business operators and gradually bring the individual economy into line with the legal system to ensure the healthy development of the individual economy in our country. This was the consensus of opinion achieved by people attending the national meeting for exchanging experience in organizing self-employed people to study and employ laws. The meeting was jointly held by the Ministry of Justice and the State Industrial and Commercial Administration in Zhengzhou.

It was learned from the meeting which concluded today that by the end of June this year, the number of individual households engaged in industrial production and commerce in the whole country had increased to more than 12.3 million. They employed nearly 20 million people and produced an output value of 29.3 billion yuan in the first half of this year, accounting for 4.59 percent of the total national industrial output value in this period. The experience of various localities showed that individual industrial and business operators had grown into a huge contingent in which tremendous changes had occurred with the joint efforts of all quarters concerned. Its mainstream was good. However, we should not dodge the negative factors in the individual economy. The most obvious fact was that a small

number of individual craftsmen and traders were engaged in illicit business transactions, and their activities had caused resentments among the masses.

The meeting held that it is of great importance to strengthen legal education and formulate self-discipline measures among the self-employed individuals engaged in industrial production and commercial businesses in light of their special characteristics. First, they should be prompted to consciously act as law-abiding citizens and socialist individual laborers. Second, they should know how to use the law as a weapon to fight against various illegal activities. At present, efforts should be focused on education in the tax-related laws and regulations, in law-abiding business operations, and in eliminating pornography. Through the efforts to popularize legal knowledge among self-employed industrial and business operators, they will be helped to establish a good image of doing business fairly, selling goods at reasonable prices and in an honest manner, showing courtesy to customers, paying taxes according to the law, exercising self-discipline, and acquiring wealth through honest work.

The meeting also stressed that various administrative and law-enforcing institutions and personnel at all levels should take the lead in studying and employing laws, and in acting and exercising management according to the laws. They should protect the legitimate rights and interests of the individual business operators and must strictly be prohibited from irregularly imposing levies, charging fees, confiscating things, and imposing fines. They must first ensure their own incorruptibility.

Circular Issued on Public Petition Handling

*OW3012012389 Beijing XINHUA Domestic Service
in Chinese 2235 GMT 20 Dec 89*

[Text] Beijing, 21 Dec (XINHUA)—The General Office of the CPC Central Committee and the General Office of the State Council recently issued the "Circular on Further Strengthening Work on Handling the People's Letters and Visits."

The Circular said: Under the leadership of the party Central Committee, the State Council, and party committees and governments at all levels, work on handling the people's letters and visits has greatly contributed to reflecting social conditions and public opinions, maintaining social stability and unity, promoting administrative honesty, solving the people's difficulties, and improving relations between leading organs and the masses. Good results of the work have been achieved. Particularly during the period when turmoil took place in some localities and counterrevolutionary rebellion erupted in Beijing in the late spring and early summer of this year, the vast numbers of comrades working on the front of handling the people's letters and visits had aligned themselves with the party Central Committee, adhered to the principles and worked selflessly, and

made contributions to checking the turmoil and quelling the counterrevolutionary rebellion.

The circular pointed out: Judging from the situation in the whole country, some problems in handling the people's letters and visits still need to be further solved. Some localities and departments have not paid due attention to handling the people's letters and visits; have not seen to it that problems raised by the masses are properly solved; and have not responded to the people's correct criticisms, reasonable opinions, and practical problems. Problems mentioned above are unfavorable to fostering close relations between the party and Government and the masses, to building socialist democracy and legal system, and to arousing the masses' enthusiasm. The circular sets out the following:

1. Party committees and governments at all levels should attach importance to handling the people's letters and visits, and should strengthen leadership over the work.

Recently, leading comrades of the central authorities have, on many occasions, given important instructions on handling the people's letters and visits, reaffirmed the important position of handling the people's petitions in the Government's work, clearly set out the basic tasks of handling the people's petitions, and given instructions on carrying out the work. Comrade Jiang Zemin pointed out: "Work on handling the people's letters and visits is an important way for the party and Government to promote democracy, to look into the people's problems, and to establish closer relations with the masses. Currently, in order to better carry out the guidelines set by the 4th Plenary Session of the 13th CPC Central Committee, party committees and governments at all levels should effectively strengthen their leadership over the work on handling the people's letters and visits, so that it will play a more important role in promoting socialist democracy and the legal system, and in establishing closer relations between the party and Government and the masses." Comrade Li Peng pointed out: "The people's letters to party and government organs demonstrate the people's trust in the party and Government, and are an important way for the people to express their opinions. Attaching great importance to, and seriously handling, the people's letters are obligatory for leading organs, and are an important link in establishing close relations with the masses." Li Peng also instructed all leading organs to carefully read every letter from the people and handle it in an unbiased manner in order not to let the people down. Comrade Qiao Shi also point out: "Handling the people's letters and visits is an important part of the party's and Government's work in fostering close relations with the masses. We should ensure that the communication channel between the party and Government and the masses is unimpeded. We should seriously handle problems raised by the people, and should coordinate efforts of departments and localities concerned in order to clearly understand and properly solve these problems." All localities and departments should earnestly study and carry out instructions by leading comrades of the central authorities, and deepen their

understanding of, and strengthen leadership over, work on handling the people's letters and visits so that the work can better serve the central tasks of the party.

2. Currently, we should ensure that work in the following areas is properly done:

1) We should work to maintain social stability and unity. Maintaining social stability and consolidating social stability and unity are important tasks and a regular part of the work of handling the people's letters and visits. Grassroots units in all localities should effectively strengthen work on handling the people's letters and visits, and handle the people's petitions in a timely manner. They should frequently publicize among the masses relevant laws and regulations of the state, as well as the party's guidelines and policies, conduct ideological work among the masses, and integrate ideological work with that on handling the people's petitions. They must not act in a perfunctory manner. Public security organs and other departments concerned should, based on what actually happened and relevant regulations, seriously deal with visitors intending to make trouble and leading others to do so.

2) Leading organs in all localities should fully respect the masses' supervisory role and assist the party and Government in promoting administrative honesty. The masses' supervision is an effective means of building a clean government. The party Central Committee and the State Council have made a series of important decisions for promoting administrative honesty and implementing the Improvement and Rectification Program. These decisions have won active support of the vast numbers of cadres and the masses. Problems raised by the masses should be quickly turned over to local or functional departments concerned for action. Proper action must be taken to solve every problem. People credited with duly reflecting existing problems should be encouraged. Problems not correctly reflected should be clarified. People fabricating stories or framing others should be sternly dealt with.

3) We should attach importance to the masses' positive suggestions. The vast numbers of cadres and masses, out of their concern for the party, have put forward many positive suggestions through their letters and visits to departments concerned. We should properly handle the masses' correct criticisms and reasonable opinions and suggestions, and take action on them. We should also take effective measures to solicit opinions from the masses. We should promote systems established in some localities and by some departments of arranging regular meetings between leading cadres and the masses, of setting specific goals to be achieved by responsible officials, and of replying to the masses.

4) The people's letters and visits should be referred to relevant functional departments for proper action, according to relevant laws and regulations of the state

and the party's policies. Solving difficulties and problems for the masses is a part of the party's and Government's job to serve the people wholeheartedly, and is a regular part of work of handling the people's petitions. We should enthusiastically, seriously, and responsibly handle every problem raised by the masses, and refer them to relevant functional departments for proper action according to the law, relevant regulations of the state, and the party's policies. People raising requests against the law, regulations, or policies should be given appropriate ideological education in order to enable them to see things correctly.

3. We should improve the work of departments and officials handling the people's letters and visits.

Departments handling the people's letters and visits are the party's and Government's organs specially designated to handle the people's petitions. Under the leadership of the party and Government, these departments should earnestly listen to, and truthfully reflect, the masses' opinions. They should quickly turn petition cases over to relevant local or functional departments, expedite handling of these cases, and keep themselves informed of the results. They should coordinate efforts of various units handling the people's petitions involving more than one locality or department, and inform petitioners of the results.

Departments handling the people's letters and visits should uphold the Four Cardinal Principles, strictly keep in line with the party Central Committee, insist on the principle of delegating authorizations to lower levels and referring cases to responsible units, gradually improve the system of handling the people's letters and visits, and provide better guidance to responsible units. Departments handling the people's letters and visits are organizations to ensure that work in this area is properly carried out. We should further strengthen organization of these departments.

Comrades handling the people's letters and visits should continue to carry forward the spirit of serving the people wholeheartedly and the tradition of working selflessly. Party committees and governments should be concerned about the work, education, and lives of cadres handling the people's letters and visits.

Forum Held on Supplies for Government Offices

*HK2912030389 Beijing RENMIN RIBAO
in Chinese 19 Dec 89 p 2*

[Report by Wang Biao (3769 2871): "National Forum on Reform in Supply Services for Government Offices Opens in Beijing"]

[Text] The pattern of "government offices running society" will not change in the near future. At present, the guiding thought for reform in supply services for government offices is: Consider the practical situation in the country; uphold the tradition of hard work and the principle of stable, planned, and organized progress; and

create conditions for bringing supply services for government offices in line with social reality. The National Forum on Reform in Supply Services for Government Offices opens today in Beijing, and Chang Jie, deputy secretary-general of the State Council proposed the abovementioned idea to the persons attending the forum.

This national meeting is the first such meeting especially for discussing supply services for government offices, since the founding of our nation. The meeting demands that government offices actively promote various kinds of responsibility systems and step up efforts in building clean government, so as to provide practical service guarantees for improving the efficiency of government work. During the meeting, various local governments will exchange beneficial experiences in supply services.

Local Party Forum Stresses Ideology, Work Style

*OW2812225289 Beijing XINHUA Domestic Service
in Chinese 0828 GMT 28 Dec 89*

[By reporter Sun Benyao (1327 2609 1031)]

[Text] Beijing, 28 Dec (XINHUA)—A forum of local party committees on ideological education and improvement of work style was held in Beijing recently. The forum pointed out: In strengthening the leading bodies of local party committees, we should overcome the phenomenon of emphasizing only organizational readjustment at the expense of ideological education and improvement of work style. We should persistently pay attention to ideological education and the improvement of work style.

The forum was held by the Organization Department of the CPC Central Committee. At the meeting, comrades from the organization departments of the party committees of Hebei, Heilongjiang, Hubei, Hunan, Sichuan, Zhejiang and Shaanxi Provinces exchanged experience and information, and seriously discussed how to pay more attention to ideological education and improvement of work style of local party committees.

The comrades present at the meeting said: Since the 3d Plenary Session of the 11th CPC Central Committee, local party committees at and above the county level have scored tremendous achievements in making several major readjustments of the cadre ranks in accordance with the principle of "making the cadre ranks more revolutionary, younger in average age, better educated and professionally more competent" and the principle of selecting cadres with both political integrity and ability. However, the efforts to build up local party committees have been weakened in last several years. In the meantime, there has been a tendency toward emphasizing only organizational readjustment at the expense of ideological education and improvement of work style. There are many problems with respect to ideology and work style among the leading bodies of some local party committees and certain leading cadres who are party members in

some localities. Some of them showed an unstable political stand during local turmoil and counterrevolutionary rebellion. Some of them are individualists who show concern for fame, power and position, and abuse their power to seek private gains. Others are bureaucrats who ignore the interests of the masses. Still others act in violation of the principle of democratic centralism, practice decentralism, and sow disunity. If we do not improve such a situation, we will be unable to meet to requirements of our current situation and tasks. For this reason, local party committees should clearly understand that in order to strengthen the leading bodies, we must attach importance to ideological education and the improvement of work style, and make great efforts to carry out ideological education and improve work style.

The comrades present at the meeting said: The key to strengthening the leading bodies of local party committees lies in ensuring that the leadership is in the hands of Marxists who uphold the four cardinal principles and persist in reform and opening to the outside world. We should turn the leading bodies into a strong leading core that resolutely implement the party's line, principles and policies. In order to do so, we must do a good job in the following areas: To pay attention to studying basic Marxist theories, improve the cadres' political quality and raise their awareness of the need to implement the party's basic line; to seriously implement the principle of democratic centralism and collective leadership, correctly handle the relations within the party committees, and strengthen unity; to adhere to a mass line and improve the work style of the leadership; and to strengthen inner-party supervision and wage an active ideological struggle.

Lu Feng, deputy head of the Organization Department of the CPC Central Committee, attended the forum and joined other participants in discussion.

Scholars Report on Minority Group Development

OW2912180289 Beijing XINHUA in English
1503 GMT 29 Dec 89

[Text] Beijing, December 29 (XINHUA)—Chinese scholars hold that cities play an important role in the development of the country's minority nationalities.

The scholars, attending the international urban anthropology conference here, said that since most of the Chinese cities are inhabited by people of the majority Han and minority nationalities, the study on the minority nationalities in the cities is "an inseparable part of the study of urban anthropology in China."

The population of China's 55 minority nationalities totals 67 million, with 49 million living in 150 autonomous areas.

According to statistics, the Moslem population accounts for the largest percentage of urban minority nationalities.

Minority groups in cities usually have their own residential areas. And among the urban minority population, intellectuals account for a large percentage.

With the deepening of the reform and opening to the outside world, the number of transients of minority nationalities in cities is on the increase.

By combining the capital, technology and talents of the cities with the special skills of the minority groups, the scholars said, the cities promote the development of the minority nationalities.

The scholars stressed that the formation and development of the urban culture in China are the fruits of the joint efforts of all nationalities. Meanwhile, the state has adopted a series of special policies according to the characteristics of the ethnic groups to help their development.

For example, they said, in electing deputies to the people's congresses at various levels the minority nationalities receive special consideration; traditional food has been supplied to the Moslems; and in urban construction architectural styles of the minority nationalities have been preserved.

Democratic Parties Discuss Border Area Support

OW0301145590 Beijing XINHUA Domestic Service
in Chinese 1546 GMT 27 Dec 89

[Text] Beijing, 27 Dec (XINHUA)—The central committees of all democratic parties and the All-China Federation of Industry and Commerce held a work meeting on supporting border areas with intellect in Beijing on 25-27 December.

Since the beginning of the 1980's, all democratic parties and the All-China Federation of Industry and Commerce have started to support border areas with intellect. In March 1988, coordination groups were organized. They went to Bijie, Bose, and other prefectures in southwest China and, in coordination with local governments, supported border area with intellect by drawing up plans, training qualified personnel, serving as enterprise consultants, and shaking off poverty by using science and technology. They were praised by the local masses. The current meeting was held under the principle of "exchanging information, summing up experience, reaching a consensus, and assigning jobs," and an indepth discussion was held.

Wan Shaofen, deputy head of the Central United Front Work Department, and Zhang Zhu, vice chairman of the Nationalities Committee, were present and spoke. They hoped that all democratic parties and the All-China Federation of Industry and Commerce would rally round the party's basic line and the guidelines of the decision adopted at the 5th Plenary Session of the 13th CPC Central Committee and the speech by General Secretary Jiang Zemin at the work meeting on shaking off poverty in areas where minority nationalities resided, bring into

full play their role and intellectual superiority, organize themselves, actively take part in various activities, do more practical work, making suggestions and new contributions to achieving greater order and stability on a long term basis, and shaking off poverty and developing the economy in old liberated, minority nationalities', border, and impoverished areas.

Urban Residents Committee Law Promulgated

OW2812013589 Beijing XINHUA Domestic Service
in Chinese 1116 GMT 26 Dec 89

[Text] Beijing, 26 Dec (XINHUA)—Presidential Decree 21 of the People's Republic of China. The 11th Meeting of the 7th National People's Congress Standing Committee of the People's Republic of China adopted the "Organic Law of the Urban Residents' Committees of the People's Republic of China" on 26 December 1989. The law is hereby promulgated, and will go into effect as of 1 January 1990.

Yang Shangkun, president of the People's Republic of China

26 December 1989

Bo Yibo's New Book on Late Leaders Published

HK2112043189 Beijing RENMIN RIBAO
in Chinese 9 Dec 89 p 3

[Report: "Comrade Bo Yibo's New Book 'Leaders, Marshals, and Comrades in Arms' Has Been Published"]

[Text] Comrade Bo Yibo's new book entitled "Leaders, Marshals, and Comrades in Arms" has been published by the publishing house of the CPC Central Committee's party school this month.

Comprising 150,000 characters, this book has collected the author's reminiscences of late party, state, and military leaders including Mao Zedong, Liu Shaoqi, Zhou Enlai, Zhu De, Ren Bishi, Peng Dehuai, Liu Bochong, He Long, Chen Yi, Ye Jiangying, Li Fuchun, and Teng Daiyuan.

Based on his 60-year-long activities in revolution and construction, the author enthusiastically and vividly describes the historical activities, revolutionary deeds, ideological styles, ideals, sentiments, and farsightedness of these figures. Apart from providing historical facts rarely known to people, this book has historically summed up China's valuable experiences in revolutionary struggle and construction and explained the party's line, principles, policies, and leadership art during certain periods. The book's appraisal of figures and events is realistic and the writing style is simple. Facts are cited along with comments. With a special characteristic, the book enables party members, cadres, masses, and youths to understand the party's history and fine traditions as well as the deeds, noble character, and

communist spirit of our revolutionary predecessors. It is beneficial to the research into the party's history and historical experience.

Cadres Urged to Study Marxist Philosophy

HK2112030189 Beijing GUANGMING RIBAO
in Chinese 2 Dec 89 p 1

[Commentator's article: "Make a Success of Studying Philosophy in Order To Benefit From It for a Lifetime"]

[Text] The new central leading collective with Comrade Jiang Zemin as its core, has emphasized on many occasions recently that the whole party, particularly party leading cadres at all levels, should conscientiously study the basic theories of Marxism-Leninism and Mao Zedong Thought, in particular Marxist philosophy, in order to master the scientific world outlook and methodology. This is a strategic measure for strengthening the party ideologically and theoretically as far as the whole party is concerned. For leading cadres at all levels, it is also a basic way to enable them to do their work in a more scientific way and have more foresight. It is a major matter from which cadres will gain benefits which will be useful to them for life.

Philosophy is a kind of knowledge about world outlook and about people's basic position, viewpoints, and ways to study and analyze problems. Marxist philosophy, which is composed of dialectical materialism and historical materialism, is the most complete and most scientific world outlook and methodology man has ever had and is also the most powerful ideological weapon for the proletariat to understand and change the world. Therefore, Communist Party members on all fronts must first of all study Marxist philosophy well, if they are set to acquire a correct world outlook and methodology, though they have to conscientiously learn and master a certain professional skill; leading cadres in all walks of life, although they too must learn and master a certain professional knowledge, science of administration, science of leadership, and so on, also have to learn well. Practice has repeatedly shown that without philosophical accomplishment, cadres will lack foresight, will fail to see the essence of things and the inner relationship in things, and fail to have the overall situation well in hand. As Comrade Jiang Zemin pointed out in his speech at the meeting in celebration of the 40th anniversary of the founding of the People's Republic of China: "A Communist Party member who fails to familiarize himself with Marxist theories and is not good at applying the correct position, viewpoints, and ways to analyze and solve problems is unlikely to play a due role, let alone become a party-qualified leading cadre."

Studying Marxist philosophy through practice to improve Marxist theoretical attainments is our party's fine tradition. In our party's history, the rectification movement we initiated in Yanan was the first party-wide drive to study Marxist philosophy. During the rectification movement, all party members conscientiously

summed up historical experience, profoundly criticized subjectivism and dogmatism, and enthusiastically carried out criticism and self-criticism using Marxist philosophical viewpoints, achieving good results. The rectification movement not only laid a solid ideological foundation for scoring victories in the war of resistance against Japan and China's war of liberation, but also cultivated for our party a large number of Marxists who understood China's actual conditions and had comparatively high philosophical attainments. Toward the end of the 1950's, we launched another large-scale drive to study and apply philosophy, the first drive of its kind after the founding of the People's Republic of China. There is no denying that the drive was carried out in a casual, vulgar, and pragmatic way, thus bringing about harmful consequences; however, many comrades did begin to study philosophy at that time and showed an interest in it; a number of leading cadres, including high-ranking cadres, laid a philosophical foundation at that time.

We are currently faced with a new situation and new tasks. The struggles—between international reactionary forces and socialist countries and for and against infiltration, subversion, and “peaceful evolution”—will continue for a long time. In China, the contradiction and struggle between the four cardinal principles and bourgeois liberalization will also continue to exist for a long time. During the economic improvement and rectification, deepening of the reform, and socialist construction, there are many complicated things in the economic, political, ideological, and cultural field to be studied and many major problems to be solved. There are also many fields waiting to be explored and opened up. But, confronted with such a complicated situation and arduous tasks, will our cadres, particularly our leading cadres, be able to apply Marxist position, viewpoints, and methods to analysis and understanding and provide correct guidance? We are conscious that as the ideological trend of bourgeois liberalization ran wild for a time, many ideological and theoretical matters were a mess; a number of party members and cadres, including leading cadres, were adversely affected to varying degrees, with some people even losing their capacity to distinguish between right and wrong. Some comrades were busy all day long working hard, but they failed to grasp the main points, failed to work efficiently, or even made erroneous policy decisions, causing losses to the party's and people's cause. Some comrades tended to go from one extreme to the other in their work and thinking, vacillating between various types of one-sidedness. Facts have indicated that studying basic Marxist theories has become an increasingly urgent matter of practical significance.

Marxist philosophy has substantial content, and it is also a scientific system which is constantly developed and has new materials constantly added to it as practice goes on. To study Marxist philosophy, it is necessary to earnestly study Marx', Lenin's, and Mao Zedong's works. Mao Zedong's books on philosophy explain the profound in simple terms, providing us with a brilliant example of applying and developing Marxist theory of knowledge,

dialectics, and historical materialism, through practice. When studying Marxist philosophy, it is also necessary to study Comrade Deng Xiaoping's works at the same time. Comrade Deng Xiaoping's works are imbued with materialist dialectics which develop and enrich Marxism-Leninism and Mao Zedong's philosophical thinking under the new situation. Since the 3d plenary session of the party's 11th Central Committee, Comrade Deng Xiaoping has shown his high Marxist philosophical attainments and his great skill at applying and developing Marxist philosophy in the following instances: He put forward the Marxist ideological line advocating that we proceed from reality in all we do, seeking truth from facts, and integrating theory with practice; he advanced the theory of building socialism with Chinese characteristics; in a great number of expositions, he maintained that the party should shift its attention to economic construction, taking it as the central task; he came up with the guiding principle of keeping a firm grip on material and spiritual civilizations simultaneously; he warned us of the necessity of combating ossification of thinking as well as bourgeois liberalization; he profoundly explained the necessity of upholding the principle of “one center, two basic points,”....

It is a heavy responsibility for leading cadres at all levels to encourage all party members and cadres to study Marxist philosophy. Aside from doing a good job in organizing the study of Marxist philosophy, they should first of all study it well, have a good grasp of it, and truly integrate theory with practice. As early as the war of resistance against Japan, Comrade Mao Zedong pointed out: “If our party has 100-200 comrades who have studied Marxism-Leninism systematically and have a good grip on it, rather than otherwise, to shoulder the responsibilities as principal leaders, we will greatly enhance our party's fighting capacity and greatly improve our struggle to quickly defeat Japanese imperialism.” We are now confronted with more important, more arduous, and more complicated tasks than during the war of resistance against Japan; therefore, it is more important and more urgent for us to study and master basic theories of Marxism, Marxist philosophy in particular, and the matter is of greater significance. If our party has thousands of leading cadres who have completely and accurately mastered the basic theories of Marxism-Leninism and Mao Zedong Thought and are good at applying the Marxist position, viewpoints, and methodology to the study of China's conditions and world situation and to the analysis and handling of new problems in a brilliant way, we will certainly greatly advance the process of China's socialist modernization.

Instillation of Socialist Ideas Stressed

HK112050189 Beijing JIEFANGJUN BAO
in Chinese 21 Nov 89 p 3

[Article by Xia Guiqing (1115 2710 3237): “Awareness on Instillation is Indispensable”]

[Text] Revolutionary teachers have always emphasized that it is indispensable for us to instill socialist and

communist ideas. This is the fine tradition of the political work of our party and troops. However, in recent years when people have rejected the educational pattern of "telling lies and making empty talks" that was popular during the Great Cultural Revolution, they have not been able to instill the basic theories of Marxism-Leninism with perfect assurance. Therefore, the concept of bourgeois liberalization and other decadent ideas have gained much ground, corroding the thoughts of a great number of people. Grim lessons remind us that we must strengthen the instillation of revolutionary ideas such as the basic theories of Marxism-Leninism.

Instillation is a behavioral process in which people are made to accept certain opinions, ideas and theories by a certain means. By saying that we need to strengthen the instillation of ideology we mean that we need to pay great attention to Marxism-Leninism-Mao Zedong Thought and educating people in them. This is what guarantees our country's progress on the track guided by Marxism and is the prerequisite for the growth of every revolutionary. As for the necessity of instilling Marxist ideas into the masses of the people, Lenin once made an impressive remark, saying: "Voluntary workers' activities cannot develop socialist ideas." Therefore, "it is necessary to instill scientific socialist ideas into the workers."

There is no vacuum in the ideological realm. If correct and healthy ideas do not strongly take hold, incorrect and decadent ideas will launch offensives. The turmoil in the spring and summer of this year has offered the best example of this. International reactionary forces and opponents at home have never stopped a minute invading us with their ideology and values. In other words, in the ideological realm, the conflict of instillation and counter-instillation, struggle and counter-struggle between these two ideas or two theories is always acute. We must not be heedless. The proletariat must transform its outlook on the world in its own way while the bourgeoisie forces its way on others. Every one of us who is involved in political work must be sober-minded in our understanding and properly carry out "instillation", and make every effort to spread Marxism-Leninism and Mao Zedong Thought. "Instillation" of course needs to have a proper way; we must not go back to the "rigid instillation" practised in the past. We must admit that everyone has his own ideas, thoughts, personality, and passions, and his thoughts are always changing. Only by coordinating the practice of people's thoughts in different periods and distinguishing different objects, and by adopting proper measures in keeping with the times and teaching different people in different ways, and by carrying out the instillation of revolutionary ideas among the masses with a good cause in mind, can we really have achievements.

Article Discusses Building Clean Government

HK1812085189 Beijing RENMIN RIBAO in Chinese
5 Dec 89 p 2

["People's Forum" article by Huang Yongfa (7806 3057 4099): "Random Thoughts on Building a Clean Government"]

[Text] Since the announcement of the "decision" by the CPC Central Committee and the State Council on running a clean administration and doing some actual work for the masses, party and government organs in localities have seriously studied and implemented it. Some of them have made initial results in this respect and are implementing this decision in a down-to-earth manner. Of course, it is also necessary to point out that some units are implementing this decision in a perfunctory manner as a mere formality. They should be reminded that this is a wrong tendency.

It Is Important To Implement Good Measures

At the mention of running a clean administration people in many units always think of drawing up measures and regulations. It is true that measures and regulations are important, but some measures and regulations were formulated years ago and still remain unimplemented. They have thus become mere formalities. For example, some unit regulations stipulate that they will "resolutely handle" the excessive occupation of floors in housing, but there are no detailed provisions on how they will resolutely handle those who are unwilling to return to the state the excessive areas they occupy. Sharp-eyed people will immediately understand this is a mere formality. Therefore the most important thing is not how many measures and regulations have been worked out but to putting them into effect.

The "Important Effects" of Measures and Regulations Must Be Stressed

Some units have complete measures and regulations but do not implement them, so these documents have remained mere scraps of paper. This is because they do not stress the "important effects" of these measures and regulations. For example, some people violate a unit's regulations, but the unit does not follow its own regulations when handling these violations. Instead, the unit finds excuses for them by stressing that "theirs is a special case" and that they should be given "criticism and education" "to prevent the recurrence of such violations." In my opinion, the "important effects" of measures and regulations should be stressed as soon as they are formulated. Those who violate these measures and regulations should be punished, no matter who they are. If this can be done, measures and regulations will be put into effect thoroughly.

Do Not Belittle the Role of Ordinary People

Some comrades think that running a clean administration only concerns officials and has nothing to do with ordinary people. This is a big mistake! I remember a

comrade's article entitled "Do Not Belittle Me," written the year before last. The article stressed the important role of ordinary people. Today, when we are advocating a clean administration, we should not belittle the responsibility of ordinary people. I heard some leading cadres complaining: "When our relatives and friends come to ask us for help, they always say 'just this matter,' 'just this time.' But how do they know that many a little makes a mickle? If we grant their wish, our party style will be affected; if we refuse, we are not sparing their sensibilities." Do these remarks not suggest that running a clean administration also involves ordinary people?

Do Not Consider "Who He Is"

When something that violates principles has to be done for a certain "authoritative" person, some people will first think what will become of them if they refuse to do it. If nothing serious will become of them they will refuse; otherwise they will not refuse. This mental burden is comprehensible. If you handle this "authoritative" person today, who can tell if he might handle you tomorrow? But fundamentally speaking, this practice runs counter to principles. If we are afraid to offend others, how can we run a clean administration?

Commentator Praises Senior Technicians

HK2812040989 Beijing RENMIN RIBAO
in Chinese 16 Dec 89 p 1

[Commentator's article: "Valuable People of Talents Should Be Respected"]

[Text] With a feeling of immeasurable joy, we extend our warm congratulations to our country's first group of senior technicians. Selecting and appointing senior technicians from among the workers who have been laboring on the frontline of production means fully confirming the contributions made by the millions of technical workers toward socialist construction. This has also embodied the close attention paid by the Party and the state to the position and role of the working class, as well as their determination to wholeheartedly rely on the working class.

Most of these senior technicians of the first group are skillful craftsmen or reform experts in their trades. Having worked on the frontline of production for 10 years or even several decades, they not only have a high sense of responsibility as masters of their own affairs, but also have gained rich practical experience and acquired superb productive skills. They have scored outstanding results in ensuring the fulfillment of the productive tasks and developing the national economy. The socialist modernization program requires not only scientific, technological and managerial personnel of a high level, but also a contingent of backbone elements versed in productive skills of a high level. Experts who have emerged in the course of long-term practice in production are also indispensable, important personnel. Their wisdom and abilities should be respected by society.

Our country is still in the initial stage of socialism, where a greater portion of social labor is engaged in the frontline of production. Establishing and improving the system of appointing technicians can arouse the warm love of the broad masses of workers for their trades and induce them to delve into their work and continuously improve their skills. This also will help our workers form rational technological makeup suited to the country's economic construction. This is an important policy. Ours is a socialist country under the leadership of the working class. We should create still better conditions for opening a new path in which the vast number of workers can become qualified personnel by working at their posts, so that the masses of workers, the young workers in particular, will really find it glorious to be a worker and find that their work has a great future and a bright prospect.

Our country's economic construction is faced with many difficulties. Whether the current economic improvement and rectification can achieve the desired results will depend largely on the consciousness of the producers and the quality of their work. It is our hope that the technicians and senior technicians will realistically play their role as a "leader" in their trades, continue to make progress in their work and, at the same time, unreservedly pass on their superb skills and hard-working spirit to the young workers and make new contributions to the cause of socialist construction.

Military

Yang Baibing Mourns Soldier's Death

OW1712120289 Beijing XINHUA Domestic Service
in Chinese 0829 GMT 6 Dec 89

[XINHUA reporters Zhao Su (6392 5685) and Chen Hui (7115 6540)]

[Text] Beijing, 6 Dec (XINHUA)—Ma Guoguang is gone. People came to Babaoshan very early amid the cold winds of early winter to bid farewell to the soldier singer. Among those who slowly walked past Ma Guoguang's remains were his comrades-in-arms, who fought shoulder-to-shoulder or performed on stage together with him; people, who were once carried away by his singing; and his teachers, who spent much of their energies to bring about his success.

Amid the sound of funeral music, a general walked in heavy steps toward Ma Guoguang's remains and stood in silence at its side for a long time. The man was General Yang Baibing, secretary general of the Central Military Commission. When Yang Baibing worked in the Beijing Military Region, he had shown special concern for Ma Guoguang, a singer once street urchin, and usually visited him at his home on New Year's days and during other festivals. When Ma Guoguang had heart attacks, General Yang personally arranged medical treatment for him on several occasions and visited him when he was

confined to a bed. When the ideological trend of bourgeois liberalization widely prevailed and literary and art circles stirred up a *zou xue* [6382 4494] wind, General Yang timely reminded Ma Guoguang and his battle companions to keep a cool head and take the lead in observing the party's decisions. This enhanced their ability to resist the wrong ideological trend. Recalling all this, General Yang sighed with emotion and said with deep sorrow: "Guoguang went too soon."

Among those who came to bid farewell to Ma Guoguang's remains were more than 20 generals, including Zheng Weishan and Chen Xianrui, former commander and political commissar respectively of the Beijing Military Region. For various reasons, Qin Jiwei, Yang Chengwu, Liao Hansheng, Li Desheng, Yuan Shengping, Fu Chongbi, and other former leaders of the Beijing Military Region were unable to come to Babaoshan, and therefore they made telephone calls or sent wreaths to express their condolences. All these people were good teachers and friends of Ma Guoguang. With the cordial concern of these people, Ma Guoguang was able to finish his study at a conservatory of music and join the CPC, fulfilling the wishes of his life.

Ma Guoguang was a first-grade performer of the Battle-Companion Song and Dance Ensemble of the Beijing Military Region. He died of illness on 21 November at the age of 57. He was separated from and lost touch with his parents when he was very young, and roamed about everywhere. It was the party that cultivated him into a famous baritone. The late revered Premier Zhou Enlai taught and showed concern for him. Premier Zhou Enlai viewed the "Suite of Songs of the Long March" several times, asked Ma Guoguang to teach him to sing the song "Chairman Mao Directs Military Operations with Miraculous Skill," and exhorted Ma Guoguang and his battle companions to disseminate the spirit of the Long March with their songs. Once, when Ma Guoguang was chatting with Premier Zhou, he inadvertently revealed that he had high blood pressure. To his surprise, Premier Zhou asked someone the following day to send him a bottle of medicine for high blood pressure and asked him to take good care of himself. It was rather unusual that a premier, who was occupied with a myriad of state affairs, was so concerned about the health of an ordinary literary and art fighter. It was all the care the party and many senior cadres had shown for Ma Guoguang that enabled him to grow from a street urchin into an accomplished singer with firm political conviction. When Ma Guoguang was alive, he often said: I am unfortunate because I lost my mother when I was very young. But, I am also a fortunate man because the party has given me mother-like warmth.

Ma Guoguang did live up to the party's expectations of him. Singing in praise of the party, of the People's Army, and of the socialist motherland was the theme of Ma Guoguang's stage-performing career for a few decades. His life was best described by a message written on an oblong sheet of silk presented at the mourning hall by his comrades-in-arms: "Singing around the country is really

a damn happy thing: I am a soldier who disseminates the sound of song to every corner of the military camps."

Chi Haotian Stresses Study of Marxist Theory

HK2612134989 Beijing RENMIN RIBAO
in Chinese 20 Dec 89 p 3

[Report by Zhang Dongwen (1728 2639 2429): "Chi Haotian Calls on Army Cadres To Study Philosophical Theories and Have Firm Political Faith"]

[Text] Beijing, 19 Dec—At a study class for cadres at and above the divisional level of the General Staff Headquarters, held on 19 December, the People's Liberation Army Chief of General Staff, Chi Haotian, called on all leading cadres, especially those at intermediate and high levels, to conscientiously study the basic Marxist theories, guard against and correct the phenomena in which they are well versed in their work and their administration is good but they are weak theoretically, and earnestly improve their Marxist theoretical levels.

Chi Haotian pointed out: To maintain a high degree of accord with the CPC Central Committee and its Military Commission we must not only depend on strict disciplinary restraint but also on grasping Marxist attitude, viewpoints, and methods in ordinary times. By so doing we can maintain accord with the CPC Central Committee with respect to ideological theories and world outlook. Only by so doing can we follow the strategic preparations of the CPC Central Committee and its Military Commission at crucial moments. Therefore, both comrades who are responsible for some concrete work and leading cadres who are assigned various duties should pay attention to the study of Marxist philosophy and strengthen their consciousness of maintaining accord with the CPC Central Committee, ensuring that they are politically qualified forever.

Scale of Military Contingencies Viewed

HK1112105189 Beijing JIEFANGJUN BAO
in Chinese 24 Nov 89 p 3

[Article by Zeng Lei (2582 4320): "Brief Discussion on Scale of Military Contingencies in Coastal Areas"]

[Text] As a result of the change in military patterns, handling military contingencies has become an important strategic preparation for our troops. This is naturally an important subject in our academic research.

Military contingencies in coastal areas refer to military actions that have a limited military objective, are on a limited scale, and last for successive short periods; they occur on islands, coastal fronts, at sea, and in the airspace in their vicinity. With reference to the recent military contingencies around the world—with the exception that incidents in coastal areas caused by errors or which are accidental fall into the category of tactical operations—all pre-meditated military disputes, or ones that are closely connected with political, economic, and

diplomatic factors, are considered offensive action, or at times strategic action. The reasons are:

1. The Military Objective Is Mainly Reflected in Disputes Over Political, Economic and/or Diplomatic Interests Between Countries and There Is Something More Than the Objective for Battle

The military scale of a battle is mainly determined by the objective of a military action. When analyzing the scale of a military contingency in a coastal area, we should begin with the objective of the specific military action and determine its importance and influence. In normal circumstances, military contingencies in coastal areas are often over claims to the sovereignty of islands, sea demarcations, and marine resources. They are confrontations arising from safeguarding a country's political, economic, military, and diplomatic interests and have immense political, economic and diplomatic backdrops. For example, Israel bombed the PLO's headquarters; the United States raided al-Qadhafi's house in Libya. These had political and diplomatic overtones. Israel bombed a nuclear reactor in Iraq; the United States assaulted the military zone at the Tripoli International Airport and the (Assisiyah) barracks. These two were obviously for economic and military reasons. Moreover, the armed sea dispute between Vietnam and our country on 14 March 1988, does not simply reflect that the two countries have a disagreement over their claim to the islands, but also strongly expresses the struggle between countries and nations. In view of this, all these military actions have a much more general value and significance.

2. The Extraordinary Combination of Forces Participating in Battles Demonstrates the Remarkable Features of Military Campaigns

The military contingencies in coastal areas fall into a specific military pattern and possess many features that normal military actions do not possess. Therefore, we should not determine their scale by superficial quantitative data but should carry out concrete analysis. First, judging by the participating force, military contingencies in coastal areas have independent and varied military directions on one hand. In order to get the upper hand in a battle and wrest inevitable results, we should use crack troops for a decisive engagement. Although the number of troops we can use is limited, they mainly consist of the Army, Navy, and the Air Force. On the other hand, both sides will definitely have built up their own strength before a battle breaks out in order to ensure the speed of a battle and cope with its escalation. Once the battle escalates, it must be compensated for with speed. Or the preparatory strength can be used as a backup for the troops directly participating in a battle, to effect strong combat effectiveness and potential, improve their deterrent ability, and create an imposing psychological condition. In the first battle between the United States and Libya in March 1986, the United States only sent a dozen aircraft or so for a direct air-raid, but its strength in reserve was a strong military group on board three

aircraft carriers, renowned for their rehearsals, stationed in the Gulf of Sidra; and this super-tactical, relatively large-scale combination of sea and air strength had a decisive role to play in the whole military campaign. Therefore, when judging the military strength we must not neglect the existence and role of the strength in reserve. In other words, we must not only pay attention to the force directly participating in a battle, but also to the strength a whole battle might entail. Second, as far as the weapons are concerned, because the belligerent parties in a battle intend to achieve their military objects within a short time, they will use the most advanced military facilities, which include tactical military equipment manufactured by ammunition units and offensive weapons and equipment temporarily transferred from somewhere else.

3. The Highly Centralized Authority of Military Command Enables the Organization and Command To Possess a More Strategic and Offensive Quality

In handling military contingencies in coastal areas, we should not rely solely on military assaults; we also need excellent strategy so that we can effectively proceed with our military action rationally and gain more advantages. Therefore, we must be absolutely careful in planning a military action and carrying it out. A country's highest military command headquarters and military command organs should be directly responsible for planning and controlling the contingencies, even if the military confrontation is started by a small number of the infantry. This has become an especially conspicuous trend in handling military contingencies over the past few years. For example, the plan for a second air-raid on Libya was designed by Crowe himself, chairman of the Joint Chiefs of Staff, and was officially approved by President Reagan. It was directly commanded and carried out by Kelso, commander of the 6th Fleet. In an air raid to destroy the nuclear reactor, Israeli Prime Minister Begin made plans with the assistance of the Air Force commander and heads of chiefs of staff and information.

4. The Military Area Embraces the Place in Which a Battle Is Fought and the Space, Greatly Enlarging the Battlefield

The space in which a battle is fought is a measuring unit for battle-scale. The military action for military contingencies in coastal areas is generally initiated from the sea and air, and then gradually spreads to the area directly bordering the battlefield. This is determined by the special features of contingencies. First, the invading enemy will greatly enhance its sudden presence and make every effort to reduce losses. They normally will need advanced transportation equipment and offensive weapons to launch heavy bombarding at long distances from the sea. Then they will advance and eventually enlarge the entire battlefield. Moreover, the geographical features of coastal areas differ from those inland. The military direction and orientation for the military disputes happening between bordering countries in the

inland are strictly limited. Generally, it is only a confrontation within a limited area, whereas the invading enemy often has to go past an extensive area and over a long distance, or pass over another battlefield before entering the battle front. In this way, the battlefield will be greatly enlarged.

Economic & Agricultural

Commerce Minister Expects Sales To Rebound

HK0301075690 Hong Kong AFP in English
0742 GMT 3 Jan 90

[Text] Beijing, Jan 3 (AFP)—China is expecting sales activity to rebound in 1990 after coming to a near-standstill due to the government's tough austerity measures, it was reported Wednesday.

Minister of Commerce Lu Ping told the CHINA DAILY newspaper that the sales slump of 1989 was "one of the positive results of the state's austerity program" that got underway in October 1988.

But he predicted bigger sales-volume increases in the second half of the new year, amidst what CHINA DAILY called a "basically stable" market.

Chinese consumers went on a buying spree in 1988, snapping up manufactured goods such as televisions and home appliances at a time of spiralling double-digit inflation.

The pendulum swung the other way in 1989 as inflation came down, inventories grew and consumers put their money into better-paying bank accounts.

CHINA DAILY said the market still faced "a latent threat" from an estimated "potential purchasing capacity" of 700 billion yuan (148 billion dollars) now placed in bank accounts.

Ministry Advocates Improved Local Enterprises

HK2012155789 Beijing NONGMIN RIBAO in Chinese
4 Dec 89 p 2

[Report by Zhao Zekun (6392 3419 2492): "Ministry of Agriculture Sets Forth Views on Improving and Rectifying Township and Town Enterprises in the Next 3 Years"]

[Text] How should township and town enterprises make greater strides in improvement and rectification, and how should they develop and grow steadily with improvement in their economic results under the guidance of the national plan and industrial policy in the period of improvement? Regarding the improvement and rectification of township and town enterprises in the next 3 years, the Ministry of Agriculture made its views known just a few days ago as follows:

—It is necessary to apply rational control over the rate of increase of township and town enterprises so that it may fall in line with the bearing capacities of the state

and enterprises themselves in harmony with industrial and agricultural development. The rate of increase of enterprises in this category should be controlled at around 20 percent, of which township and town enterprises should be controlled at around 15 percent.

—It is imperative to cut back the scope of capital construction. The scope of capital construction of rural enterprises across the nation should be controlled at about 20 billion yuan annually and cut back by half from recent years. The investments thus cut back should be used mainly in the transformation and renovation of equipment of existing enterprises and expansion of enterprises with prospects for development. The building of new enterprise projects should be stopped or postponed.

—It is necessary to readjust existing enterprises with enthusiasm and initiative. Readjustment should be firmly carried out regarding enterprises characterized by their waste of power and raw materials; those with poor technology and inferior products; those creating serious pollution beyond remedy; and those with poor management and long-term deficits.

—It is necessary to complete and perfect the contracted managerial responsibility system with township and town enterprises so that such indexes as material consumption, quality, and economic results of backbone rural enterprises with assets of 1 million yuan and above may basically reach the standards of state-run enterprises of the same trades.

—It is necessary to unfold double-increase, double-economy activities and do a good job in internal distribution and spending of profits.

—It is imperative to cut back on nonproduction spending in order to strive for the realization of 50 percent of the enterprises in this category possessing their own circulating funds by 1991.

—It is necessary to readjust the enterprise setup to guide enterprises to take the road of producing high-quality small commodities in a small but specialized way and the road of specialization and socialized production in cooperation by turning huge volumes of their commodities toward an extensive market. It is imperative to avoid duplicated production characterized by small-but-complete at a low level; at the same time, it is necessary to depend on large enterprises and famous-brand, high-quality, and first products and to take the road of production in groups and groupings.

—In administering individual and combined enterprises, it is necessary to gradually guide them to implement the joint-stock cooperation system after the fashion of handicraft industrial cooperatives in running joint-stock cooperative enterprises. At the same time, it is necessary to augment ideological and political work and do a good job in building spiritual civilization. We are conscious that as the ideological trend of bourgeois liberalization ran wild for a time, many ideological and theoretical matters were in a mess; a number of party members and cadres including leading cadres were adversely affected to varying degrees, with some people even losing their capacity to distinguish between right and wrong.

Geology Minister Views Future of Resources

OW1312230589 Beijing XINHUA in English
1543 GMT 13 Dec 89

[Text] Beijing, December 13 (XINHUA)—China should develop economy while saving resources, increase investment in mineral exploration and develop reasonable policies on the import and export of minerals in the coming years.

Zhu Xun, minister of geology and mineral resources, made the comment today at a seminar being held to discuss the country's supply of and demand for mineral resources including energy, metallurgy, nonferrous metals and nonmetals in the future and near future.

About 80 experts from the Ministry of Geology and Mineral Resources, the Ministry of Metallurgical Industry, the Chinese Academy of Sciences, the State Science and Technology Commission and the State Planning Commission participated in the seminar.

Some experts held that people should not be too optimistic about the future of the country's mineral resources.

China's 95 percent of energy and 80 percent of industrial raw materials originate from mineral resources. Shortages of energy and raw materials have hindered economic development.

Experts say that by the year 2000 the shortage will be more severe. Reserves of major minerals, except coal, tungsten, molybdenum and a few others, will not meet demand.

Petrochemical Industry Concerned About Debt

HK2912010689 Beijing CHINA DAILY in English
28 Dec 89 p 2

[By our staff reporter Xu Yuanchao]

[Text] Hurting from the devaluation of the Renminbi yuan, China's petrochemical industry is concerned about meeting the payments on its foreign debts which peak next year.

The industry's foreign debt amounts to \$4 billion, about 10.5 percent of what the nation owes its creditors. With bank interest, the figure will reach \$6 billion, says Chen Jinhua, president of the China Petrochemical Corporation, known as Sinopec.

This ministerial level corporation under the State Council was recognized, a few years back, as No 1 in pre-tax profits.

Chen said Sinopec is obliged to pay \$500 million of its foreign debt next year and then up to approximately \$900 million each year by 1994.

In addition, he said, the corporation will need \$500 million each year to import spare parts for its imported

equipment and another \$500 million will be spent on technical upgrading and imports of key equipment for some plants.

Yang Shubin, general manager of the corporation's International Company, told CHINA DAILY that Sinopec had planned to pay all debts on time but the situation seems to be changing and trends do not favour the industry right now.

A sluggish market and a dearth of foreign exchange in domestic enterprises have reduced Sinopec's earnings and increased its inventories.

Unlike trading firms under the Ministry of Foreign Economic Relations and Trade (MOFERT), Sinopec is not allowed to sell its products on the world market unless it can gain export licences from the trade ministry or from the Ministry of Materials and Equipment Supply. Sinopec's oil and chemical products are usually exported by trading firms.

The only way for the industry to earn hard currency is to sell its above-quota products to those domestic enterprises short of such products but not permitted to import. But those domestic enterprises lack the foreign exchange right now to buy from Sinopec.

Yang said the devaluation of RMB yuan will benefit China's exports but has badly hurt the petrochemical industry.

Capital Construction Cut Two Thirds in 1989

OW3112002889 Beijing XINHUA in English
1510 GMT 30 Dec 89

[Text] Beijing, December 30 (XINHUA)—The State Statistics Bureau has reported that new capital construction projects were cut by nearly two-thirds in the first 11 months of this year, thanks to the austerity policy.

State-owned enterprises started 18,000 capital construction and renovation projects with over 50,000 yuan (about 10,000 U.S. dollars) each by the end of November, 29,000 items less than in the same period last year.

The bureau reported that 87,000 construction projects are now under way throughout the country, 30,000 less than a year ago.

Among the new projects, 60 percent belong to the manufacturing industries, indicating an improvement in the investment structure there.

Moreover, 2,021 new projects are educational facilities—80 percent of them primary and middle schools.

The bureau also revealed that 2,712 projects were started without state permission this year.

Yuan Devaluation Affects Imported Steel Orders*HK3112063889 Beijing CHINA DAILY in English
30 Dec 89 p 1*

[By staff reporter Qin Xiaoli]

[Text] The devaluation of Chinese renminbi currency may force users of imported steel products to turn to domestic suppliers, but the government will try to prevent sharp drops of imports, according to an official from the Ministry of Materials and Equipment.

Some companies have asked for cancellation of orders for imported steel products since the State Administration of Exchange Control announced a 21 per cent drop in RMB yuan vis a vis foreign currencies, said Zhu Desheng, director of the Metallic and Material Department of the ministry.

New prices for imported steel will be higher than the ceiling prices of domestic products, Zhu said. "Past experience shows that customers who have choices between imported and domestic goods react quickly to price changes," Zhu said.

"But domestic production doesn't meet demand." China now produces some 60 million tons of steel and imports about 9 million tons.

"We will persuade users of imported steel to continue the old practice," Zhu said. "If they all turn to domestic markets, we fear they will once again drive prices up."

Steel was once one of the most hard to get materials in China. Some factories even used steel as hard currency to trade for anything they want, from meat to energy.

At the same time, the curbing of capital construction and slowed industrial growth resulting from the State's austerity policy sharply reduced the demand for steel. So far this year, the nation's stock of steel rose by 2.8 per cent.

State Restructuring Commission Activities Reported*HK1212092589 Hong Kong CHING CHI TAO PAO
in Chinese No 49, 11 Dec 89 p 10*

["Well-informed Sources Forum" by Yu Wei (1429 3634): "Recent Activities of the State Commission for Restructuring the Economy"]

[Text] Recently, the State Commission for Restructuring the Economy, after having had a 6-month superficially low profile, has again started to be active. The other day, the Commission called a forum of responsible persons of the economic restructuring committees (offices) of some provinces and cities, and the relevant departments of the State Council. The aim was to listen to reports on relevant conditions and solicit views on next year's economic reform work.

It was learned that after an elaborate and penetrating investigation, or observation, following Beijing's "4 June" storm, the Beijing leadership department drew the

following conclusion: The problems in the State Commission for Restructuring the Economy during the period of the Peijing storm are not more serious than those in some other ministries and commissions. As an official department of the State Council, the State Commission, though once linked to Zhao Ziyang who had been concurrently chairman of the commission, cannot be considered as his personal think tank. This has made things clear about the commission being right or wrong. It has also enabled its cadres to resume work, or to start working.

It is under these very circumstances that the State Commission has started combining the business of screening with normal work. Recently, the commission first submitted a report on calling a national work conference on restructuring the economy next year, to the State Council for approval. It was learned that the chief leaders of the State Council had given approval very quickly. This actually means a letter of approval for the convening of a national professional work conference by the State Commission for Restructuring the Economy. The commission has officially decided that a national work conference on restructuring the economy be called in the near future. People are expecting that the conference will put forward suggestions and measures on the combination of improvement and rectification with the deepening of the reform.

Traders Allowed To Refute Inspection Results*HK3112061489 Beijing CHINA DAILY in English
30 Dec 89 p 2*

[By staff reporter Qu Yingpu]

[Text] A set of new regulations were passed yesterday afternoon, granting Chinese and foreign traders the right to refute commodity inspection results and ask for reexamination.

The regulations are expected to take effect early next year, Zhu Zhenyuan, director general of the State Administration of Import and Export Commodity Inspection, told CHINA DAILY in an exclusive interview.

For the first time in the history of the People's Republic, "foreign and domestic traders will get legal rights to refute China's official inspection conclusions," Zhu said, although his administration and its provincial branches had already begun doing reinspection upon request of traders years ago.

By yesterday, more than 10 reinspection cases had been handled this year, the director general said.

Several committees will be set up, each with special qualifications to handle reinspection of one or two kinds of disputed commodities. Each committee will consist of three to five experts.

The experts are expected to come from both the inspection administration and other social institutions, Zhu said. The original inspectors may be required to stay away from the reinspection.

The decisions made by the special committees will be considered final. The side (either the inspection body or the trader requesting the reinspection) that loses will have to pay all the reexamination expenses including services of the experts.

"This will bring about some pressure on the inspectors to carry out the first inspection more carefully," Zhu said.

The director general said the reinspection cases are likely to be in the following three categories:

First, when a domestic inspection body has approved an imported item, but domestic consumers later find problems with the item and refute the original inspection decision. The consumers can apply for reinspection by a higher inspection body or directly to the State inspection administration. If they win, they can require compensation from the foreign exporters.

Second, after a Chinese inspection body decides that an imported item cannot pass its examination to enter the Chinese market, the foreign seller can apply for reinspection.

Third, if two Chinese inspection bodies file contradictory conclusions about either an import or export item, the trading parties can apply for reinspection at a higher inspection institution or the State administration.

If an export item has already been shipped to a foreign country or region, Zhu said, and a foreign inspection body finds problems with the item, the foreign buyer can ask for compensation after further investigations.

The Chinese inspection bodies are not responsible for problems that occur during transportation. But if the Chinese inspection results are found to be wrong, the inspectors will face what Zhu called "administrative penalties."

The inspection administration was authorized by the National People's Congress to draft the regulations and put them into effect.

This set of regulations will be among about 20 being drafted or to be issued in the next few years as supplementary measures to the law of import and export commodity inspection, which went into effect on August 1.

New President of Stone Company Interviewed

OW0301132890 Beijing BEIJING REVIEW in English
No 1, 1-7 Jan 90 pp 22-23

[Text] The Beijing Stone Group Co. is China's largest private enterprise. After the counter-revolutionary rebellion in Beijing in June 1989, Wan Runnan, the former chairman of the board and president of the company who was deeply involved in the rebellion, fled abroad.

To determine the impact of these events on the future of the company, BEIJING REVIEW interviewed Shen Guojun, Stone's new president.

Question [Q]: Will Wan Runnan's escape abroad affect the government's attitude towards Stone and endanger its continued operation?

Answer [A]: The Chinese Government has made a clear-cut difference in attitude towards the few people who took part in the rebellion and towards the enterprise itself. The former should, of course, be responsible for their own behaviour. As for Stone, a legal, economic entity, who pays an annual tax of about one sixth of the total revenue of the Haidian District where the company is located, the government will continue to support its development.

Unlike the private companies in the West, the property of China's private enterprise falls into the category of a collective ownership in which they may keep more initiative in their own hands than the state-owned enterprises. Stone belongs to neither one individual nor family and its development can not be judged by one individual's behaviour. On August 21, 1989, the Beijing municipal government expressed its hope to see further developments of the company.

[Q]: Some foreign press reports that Wan Runnan has said he holds 50 percent of Stone's stock and half of the board of directors support him; therefore, the decision to relieve him of his post by the board of directors is null and void. Are such reports well-grounded?

[A]: I don't know whether such reports originated with Wan Runnan. Both Wan and I are founders of Stone. He is fully aware that the company started from scratch with an initial capital loan of 20,000 yuan from a township enterprise. With later bank loans, Stone gradually expanded to a group company with an asset of 87 million yuan (U.S.\$23 million); it earned a profit of 26 million yuan (U.S.\$700,000) during the first nine months of 1989. Up to now, nobody has bought any company stock in any form nor has its property ever divided.

There used to be ten members on the board of directors. Two of them, Wan Runnan included, escaped abroad after the June rebellion. Seven of them are now in Beijing. The decision to remove Wan and two other directors and vice-presidents from office is based on a vote by the seven directors and is therefore effective and lawful.

By the way, the Stone branches in Hong Kong, the United States and Australia have all reaffirmed their readiness to remain a part of the Beijing Stone Group Co. and to follow its leadership.

[Q]: Does Wan Runnan have any legal basis in an attempt to establish another Stone abroad? What's your view about his use of the registered trade mark of Stone?

[A]: The Stone trade mark is protected by the International Registration of Marks Under the Madrid Agreement and was formally registered in November 1989. Any unauthorized use of it is thereby illegal.

[Q]: Will the government's present effort to "improve the economic environment and rectify the economic order" affect Stone's status and operation?

[A]: As a private enterprise, Stone enjoys full independence in its production and management. Unlike the state-owned enterprises whose raw materials are supplied by the state at the market price, Stone's raw material sources and the sale of its products depend in large part on the market situation. The government effort is aimed at doing away with a large number of lawbreaking companies involved in speculation and those which are financially unsound, so as to create chances for all to engage in fair competition. As a creature born out of competition, the Stone Co. has always welcomed competition. The government effort is therefore a good thing for Stone.

XINHUA on Guidelines for 1990 Economic Work

OW2512030989 Beijing XINHUA Domestic Service
in Chinese 0238 GMT 22 Dec 89

["A Discourse on the Guiding Thought for Economic Work Next Year" by XINHUA commentator—XINHUA headline]

[Text] Beijing, 22 Dec (XINHUA)—In a few days' time we will enter 1990.

As a new year is about to start, it is very important for us to clearly understand the guiding thought for economic work in the new year in order to successfully manage the economy next year.

At the recent 5th Plenary Session of the 13th CPC Central Committee, the Party Central Committee adopted a decision to improve the economic environment and rectify the economic order in 3 years or more, starting this year. It also laid down six objectives to be achieved in implementing this decision. Therefore, the general guiding thought for next year's economic work is to actively improve the economic environment, rectify the economic order, and deepen reform while maintaining social stability. First, we should foster the idea of moving one step ahead toward achieving the goal laid down by the Party Central Committee, that is, the goal of improving the economic environment, rectifying the economic order, and deepening reform. Specifically speaking, we should strive for a lower inflation rate and a smaller financial deficit next year, and further tighten credit and money supply. Meanwhile, we should actively readjust the production structure and improve economic results so that the economy will develop steadily and at an appropriate speed. This is easier said than done, because arduous efforts are required.

Next year will be a year when the economic problems accumulated over the years will intertwine with the newly emerged contradictions, and it will be the peak year for repaying internal debts; therefore, we will be facing fairly great economic and financial difficulties. Under these circumstances, in managing the economy, we should always keep in mind the need to practise austerity in all areas. In the new year, production, construction, and the people's livelihood should be closely planned according to careful calculation and strict budgeting, and expenditures should be kept within the limits of income. We should avoid the practice which prevailed during the overheated economy a few years ago, when full-scale reconstruction was going on in all areas at the same time and when a large amount of money and materials was committed to huge projects to achieve quick results. All localities, departments, trades, and professions should truly practise austerity. They should not expect others to practise austerity while they themselves are unwilling to do the same. They should not look to the state for assistance in the austerity drive while they are unwilling to lead an austere life through self-reliance. They should truly switch their thoughts and efforts to improving the economic environment and rectifying the economic order, keep the overall situation in mind, and share the burden of the difficulties faced by the state. It is necessary to emphasize that local interests should be subjected to overall interests, immediate interests subjected to long-term interests, and collective and individual interests subjected to state interests. Of course, practising austerity does not mean living a bitter life. We oppose extravagance and waste, not reasonable and appropriate consumption.

Next year's economic work sets high demands for us, and it involves a lot of things. We should find ways to check price hikes, arrange investments in key construction projects, reduce financial deficits, control credit and money supply, and solve other problems which are quite acute. Therefore, in managing next year's economy, we should take all factors into consideration and proceed in a cautious manner. We should follow the principle of striking an overall balance in the national economy and make comprehensive arrangements so as to avoid neglecting one thing while attending to another. In making arrangements, we should look not at any one year, but at several years. It is impossible to solve all the problems next year, but we should not defer until several years later those problems that can be solved if we work real hard on them. We should set our eyes on stability while making solid efforts to achieve it.

Another important idea we should keep in mind in managing next year's economy is that we should maintain overall stability in the course of improving the economic environment and rectifying the economic order. Of course, the existing relationship among the

various economic interests should be readjusted in the course of improving the economic environment and rectifying the economic order. If nothing is done in this area, it would be impossible to solve difficulties or eliminate the factors that cause economic instability. In the current efforts to improve the economic environment and rectify the economic order, we should solve "interlocking problems." For instance, the problem of having a sluggish market as the result of the curtailment of demands, the problem of rising unemployment as the result of a halt or delay of some capital construction projects, the problem of how to invigorate the microscopic economy after macroscopic readjustments and controls are enforced, and so on. All this determines the complicated and arduous nature of China's efforts to improve the economic environment and rectify the economic order. Therefore, before making readjustments, we should be concerned not only with easing the difficulties in one area, but also know how to solve the "interlocking problems." We should know how far the various sectors can hold up, and avoid causing too great a shock. We should constantly keep in mind the need to safeguard the overall interest and social stability.

In managing next year's economy, we should also foster the idea of closely integrating the efforts to improve the economic environment and rectify the economic order on the one hand with the efforts to carry out reform and open to the outside world on the other. The former should pave the way for deepening reform and ensuring its wholesome development, while reform should facilitate and serve the former. In the course of improving the economic environment and rectifying the economic order, we should maintain stability and continuity of policies; follow the principle of promoting what is beneficial and abolish what is harmful; and reinforce and perfect the system of contracted responsibilities linked to output on a household basis in rural areas, the system of contracted managerial responsibilities in enterprises, the system of shared responsibility in local finance, and other reform measures such as the use of foreign capital and import of advanced technology, so that the efforts of improving the economic environment, rectifying the economic order, carrying out reform, and opening to the outside world will proceed in a coordinated manner toward promoting and ensuring stable development of China's economy.

We deeply believe that in the new year, as long as the large number of cadres and masses foster the correct guiding thought in economic work, the principle of improving the economic environment and rectifying the economic order, deepening reform as well as the other policies and measures formulated by the Party Central Committee and the State Council will certainly be effectively implemented, and the national economy will certainly develop in a sustained, steady and coordinated manner.

Article Discusses Policy of Economic Construction

HK1412140189 Beijing RENMIN RIBAO in Chinese
1 Dec 89 p 6

[Article by Shao Qihui (6730 1142 1920), governor of Heilongjiang Province: "The Policy of Taking Economic Construction as the Central Link Should Never Be Shaken"]

[Text] The 3d Plenary Session of the 11th CPC Central Committee made a strategic policy decision to shift the focus of the whole party's work to a socialist modernization program, thus effecting another great turning point in the history of the party. The recent 5th Plenary Session of the 13th CPC Central Committee pointed out: "In the past 10 years following the 3d Plenary Session of the 11th CPC Central Committee, we have taken economic construction as the central link and adhered to the four cardinal principles and the policy of reform and opening to the outside world. Our national economy has developed in a sustained way, the economic strength of the country has been enhanced remarkably, the life of the urban and rural residents has been obviously improved, great achievements have been made in various undertakings, and the whole country has undergone profound historical changes." Studying the communique of the fifth plenary session and reviewing our country's advance and development over the past decade is of very important and practical significance to all-around and correct implementation of the party's basic line of "one center, two basic points," clarification of ideological confusion, and rectification of mistakes in work.

To make a shift in the focus of the party's work is a correct policy decision which our party has made after applying the Marxist historical materialist viewpoints in profoundly summing up the lessons and drawing the lessons, for which have paid a high price, in the first 30 years since the founding of the PRC. Practice over the past 10 years has proven that without a shift in the focus of the party's work, China would still be in a disastrous position of frequent political movements of "taking class struggle as the key link," there would be no reform and opening up, and it would be impossible to attain such enormous achievements in construction. Making a shift in the focus of the party's work is the beginning of a new historical development stage.

With the advance of history, the party's line, principles, and policies laid down by the 3d Plenary Session of the 11th CPC Central Committee have been constantly enriched and developed through practice. However, due to the resurfacing of some erroneous ideas in recent years, our construction and reform have been seriously disrupted and affected. After the Beijing disturbance was over, the party Central Committee pointed out that the line, principles, and policies laid down since the 3d Plenary Session of the 11th CPC Central Committee should not be changed. For this reason, in adhering to the line laid down since the 3d Plenary Session of the 11th CPC Central Committee, we must make clear that what should we adhere to

In my view, adhering to the line laid down since the 3d Plenary Session of the 11th CPC Central Committee means that we should continuously take economic construction as the central link, adhere to the four cardinal principles, and persist in reform and opening up. That is to say, we should adhere to "one center, two basic points." The core is still the vigorous development of the productive forces and the building of the socialist four modernizations. It should be recognized that, as an entity, "one center, two basic points" represents the party's basic line. If we discard or weaken one of them, we will deviate from the party line, making it incomplete. We have been inconsistent in adhering to the four cardinal principles over the past few years, and have even talked very little about it. This is a big mistake.

Now that we stress adherence to the four cardinal principles, people have talked more about and paid relatively ample attention to the "two basic points." This is undoubtedly quite correct and necessary. However, people do not think or comment much about the relationship between the "two basic points" and "one center." In fact, while clarifying the relationship between the "two basic points," we should also make clear the relationship between the "two basic points" and "one center." If we fail to do so, we will probably go from one extreme to another in our work. We should strive to comprehensively and accurately comprehend and grasp the party's line, principles, and policies. We should not be one-sided, even less should we act like "a passing breeze" or "make a discount." On this count, we have paid a heavy price and therefore should solidly draw the lessons in this field.

In his "Speech at the Rally Marking the 40th Anniversary of the Founding of the PRC," Comrade Jiang Zemin incisively expounded the relationship between the four cardinal principles and the policy of reform and opening up. Then, what is the relationship between "two basic points" and "one center"? Comrade Xiaoping pointed out: Our principal task in the future is to engage in construction, and all the party's work must be subordinate to and serve economic construction, which is the center. That is to say, the "two basic points" serve and is the basic guarantee of the "one center." Without the development of economic construction, the four cardinal principles will not be stable, like a mansion built on a sandy beach, and the reform and opening will lose its objectives.

Both history and reality have repeatedly told us that the basis for solving domestic and international issues is to develop the economy and that without a strong economic power it would be impossible to accomplish anything. The prosperity of the country and the people is, in the final analysis, a question of economic power. International competition is, in the final analysis, a question of economic power. Only when the economy develops and the national power is strong can we realize national rejuvenation and make greater contributions to humanity.

In short, realizing the four modernizations with one heart and one mind is going to be the overriding central task of the people of the whole country for a considerably long time to come. On no account should we shake the confidence and determination to persist in taking economic construction as the central link just because there has been a disturbance.

It should be noted that the current economic situation is grim because of the mistakes in economic work in recent years. The outstanding problems are that inflation has markedly deteriorated, that commodity prices have risen substantially, and that the national economy is unstable. Although we have scored some successes in improving the economic environment and rectifying the economic order over the past year, some economic problems at the deeper level have not been solved and some latent contradictions still continuously come to light. What are the deeper and latent contradictions? To sum up, they are the total imbalance, accompanied by profound structural contradictions. As analyzed by the relevant quarters, the current economic problems chiefly find expression in the following:

1. The total social demand far exceeds total supply. Our present national strength and social production capacity cannot cope with the enormous construction projects which have been and are continuously launched, as well as with the excessively inflated social consumption demand in recent years. Between 1984 and 1988, the national income grew at an average of 12 percent (19.9 percent if calculated according to current prices) annually; the society's investments in fixed assets grew at an average of 25.7 percent annually; and the income of urban and rural residents grew at an average of 24 percent annually. The dual swelling of investment and consumption demands has to a large extent been supported by living off past gains, running into deficits, and issuing a large amount of banknotes. If we could still manage to hold on several years ago, we can no longer do so in the next few years.

2. The contradictions in the economic structure are conspicuous. The supply capacity of China's present agriculture, basic industries, and infrastructure can no longer support the excessive scope of industrial production. Now, grain, cotton, coal, electricity, and transport facilities are in very short supply. This reflects a serious imbalance between agriculture and industry, between the processing industry and basic industries, and between production and transportation.

In recent years, the state has put forward clear-cut views and wishes to readjust the irrational economic structure, but it is still difficult to attain practical results in a short time. It so happens that those which should be curbed are still swelling, while those which should be strengthened still continue to be relatively weakened. The weaker the links, the more difficult it is to strengthen them, and where there is the focus, the difficulties there will be greater. Now, some important products vital to the national economy, the people's livelihood, and some

industries and undertakings related to the long-term economic and social development are in a difficult position.

3. Not only do our domestic financial and material resources fail to sustain the ongoing production and construction projects, but we also have little room for maneuvering in terms of borrowing more money from abroad and increasing imports. After our country curbed the turmoil and quelled the counterrevolutionary rebellion, some Western countries applied economic sanctions upon our country. This will also affect our ability to make use of external forces and thus increase the economic difficulties.

4. The aforesaid circumstances have led to some deterioration in the social effect of economic activities. High consumption and low returns are also the crux of numerous difficulties in our economic life. There is no doubt that the speed of China's economic construction is fairly rapid, but because this speed is attained by huge investment in human, financial, material resources, the economic returns are very low. That is to say, China's national economy is in a state of high growth coexisting with low results. Consequently, our per-capita national income can only fluctuate at a low level for a very long time, making it difficult to strengthen our comprehensive national strength.

The high economic growth characterized by low returns can only bring superficial prosperity. Some people refer to this economic form as "economic hollowization [jing kong xin hua 4842 3444 4500 1800 0553], which means the ratio of appreciable social value in the society's current total wealth becomes lower, eventually making it difficult for the material basis on which the society depends for its survival to support the needs of society and thus affect the sustained, stable, and harmonious development of the national economy.

From the aforesaid circumstances we can draw the following logical conclusions:

- Shifting the focus of the party's work onto the track of taking economic construction as the central link does not mean that all the problems in economic work have been resolved. The problems and difficulties in practical economic life can be truly solved only by persisting in taking economic construction as the central link and through long and unremitting hard struggle. If we give up or weaken the policy of taking economic construction as the central link, the difficulties will increase and the contradictions exacerbated, eventually affecting stability and unity. Therefore, at no time and under no circumstances should we vacillate in or change the policy of persisting in taking economic construction as the central link.
- When emphasizing the need to solve the question of stressing material civilization at the expense of the building of spiritual civilization, we should adopt a scientific approach and act according to dialectics. What has been neglected should be strengthened and what has been stressed should be continuously

strengthened rather than weakened. The key to correctly handling the relationship between appropriate speed and the "overheated" phenomenon in economic construction lies in grasping well this link. A necessary and appropriate speed is conducive to the long-term development of the national economy and helps satisfy to a maximum degree people's growing material and cultural needs. This appropriate speed is what we hope and pursue. In the case of the "overheated" phenomenon in economic construction, however, people stress high speed at low returns regardless of the national strength, and engage in unplanned construction and production regardless of needs of the people and society. Resolute efforts should be made to cool down this "overheated" phenomenon. For some time, the party building and the ideological and political work have been weakened. Therefore, it is very important to strengthen them. This will surely promote and guide the healthy development of economic construction. In our guidance, however, we should never count on this and go from one extreme to another by reducing the rational speed needed in economic construction. If we do so, we shall make a historical mistake.

- Though we are confronted with difficulties and complex contradictions in economic work, this does not mean that we have no way out. The difficulties facing us are nevertheless ones in the course of advancement, and for this reason we should not be pessimistic, lose hope, or remain in a state of inertia. We should realize that as long as we can spot the problems, we can find a way out and that contradictions herald a turn for the better. Provided that we arouse ourselves: are of one mind from top to bottom; take vigorous actions; and conscientiously improve the economic environment, rectify the economic order, and deepen the reform so that the economic life can be put onto a scientific and orderly track, we shall be able to extricate ourselves from the predicament and effect a new takeoff.
- The long-term political stability of the country, the unifying force of the party, and the appeal of socialism hinge on the gradual realization of modernization objectives. When economic problems develop to a certain extent, they are bound to become social problems. This is a historical lesson. To increase the party's prestige and unifying force, we should rely on the effective solution of practical problems and the correct leadership and effective organization of economic construction rather than on slogans. "Socialism does not mean pauperism," and impoverished socialism cannot last forever. If we cannot get rid of poverty, we cannot bring the superiority of socialism into full play, nor can we say with perfect assurance that socialism is superior to capitalism. Therefore, we must persist in taking economic construction as the central link, vigorously develop social productive forces, and in accordance with the "trilogy" designed by Comrade Xiaoping, strive to attain the objectives of socialist modernization. Only in this way can our party and state be in an unassailable position regardless of how large the waves are at home and abroad.

State To Publicize List of Shoddy Products

HK2912005089 Beijing CHINA DAILY in English
28 Dec 89 p 1

[By our staff reporter Xu Jie]

[Text] A list of fake or shoddy products—which had been advertised on television or newspapers to lure consumers—will be aired on January 26, the eve of the Lunar New Year's Day, as a festival gift to China's consumers.

This is a major step in the nation-wide drive to improve product quality and eliminate shoddy goods from the market, according to the State Administration for Industry and Commerce.

The decision was announced by the administration's deputy director Liu Minxue at a news conference in Beijing yesterday.

Other measures include random check-ups at trade fairs and sales exhibitions, production ordering meetings and department store counters rented to collective or private factories. These counters are especially busy during holidays such as Spring Festival, and therefore "are quite possible to be used by fake goods dealers," Liu said.

Those selling or promoting fake goods will be punished by Party, administrative and judicial authorities according to the seriousness of their cases, Liu said.

Crackdown on fake goods has achieved good results in the past few years, but "we still must make more efforts to eliminate them," Liu said.

"Fighting fake goods is a long-term task, which needs joint efforts from other departments such as public security bureaus and judicial offices, and most importantly, the consumers," Liu said. She listed the difficulties as in the following aspects:

One, many faked are products in short supply and sell quite well; Two, some local authorities shield such activities since they bring in quick though improper benefits; And three, administrative punishments such as fines and revoking of business licences are not enough to deter the fakers.

Industry Plans To Produce 510,000 Automobiles

OW0301120990 Beijing XINHUA in English
0810 GMT 3 Jan 90

[Text] Beijing, January 3 (XINHUA)—China plans to produce 510,000 automobiles this year, XINHUA learned from the China National Automotive Industry Corporation (CNAIC) here today.

This quota, along with automobiles to be imported, will be sufficient to satisfy the domestic market, which requires 550,000, an official from the CNAIC predicted.

He said China turned out a total of 560,000 automobiles last year. Against the backdrop of the current economic

austerity drive the automobile market turned slack, with 50,000 automobiles stockpiled in warehouses last September.

As a result, China's automobile industry was affected and some enterprises suffered due to a shortage of funds and raw materials, and some failures to implement contracts.

As China's automobile market is expected to remain slack, the official said, the industry has to improve its management and improve the quality of the products.

Meanwhile, the industry will make further efforts to readjust the structure of the products, produce more products in demand, especially heavy-duty trucks and special-purpose trucks, and develop the rural market.

He said the automobile industry should take advantage of the slack market to speed up the efforts to make automobiles with more local content, and produce more vehicles for export.

He said much potential remains to be tapped in the automobile market.

National Meeting on Conserving Resources Held

OW3012095189 Beijing XINHUA in English
0703 GMT 30 Dec 89

[Text] Zhengzhou, December 30 (XINHUA)—China has saved energy equal to 55 million tons of standard coal this year, according to reports given at a national meeting held here recently.

Participants at the meeting on conserving resources and comprehensive use of materials were told that the country conserved 600,000 tons of steel, and that recycled industrial waste and regenerated resources earned 17.1 billion yuan.

China has completed energy conservation projects which will save three million tons of standard coal, 460,000 hectares of firewood forest have been planted and 12.18 million households have built bio-gas pits or fuel-saving ovens.

Obsolete industrial equipment, particularly inefficient boilers and industrial kilns, has been renovated.

An energy conservation service center and a national conservation information network have been set up. Forty-eight advanced energy saving techniques have been popularized. Liaoning, Henan, Jilin, Shandong and other provinces have adopted an energy-saving contract responsibility system.

About 26 percent of the industrial waste gas, slag and fluid is now being recycled in China.

Conference on Electricity Conservation Ends

OW3012111189 Beijing XINHUA in English
1040 GMT 30 Dec 89

[Text] Hefei, December 30 (XINHUA)—The country plans to save 10 billion kilowatt hours of electricity next

year, according to an official at the national working conference on conserving electricity which closed here today.

In the first half of this year, the country saved 6.47 billion kilowatt hours of electricity and it is expected that a total of nine billion kilowatt hours of electricity will be saved this year.

Vice-Minister of Energy Resources Hu Fuguo said that due to electrical shortages, 20 percent of the country's factories were forced to operate under capacity.

Conference participants suggested increasing awareness of the need to conserve energy and reduce and control non-productive consumption of electricity.

Port Expansion To Amplify Handling Capacity

HK2912011089 Beijing CHINA DAILY in English
28 Dec 89 p 3

[Special to CHINA DAILY by Li Fuyong]

[Text] Port expansion, with 63 new docks going into operation this year, will amplify the nation's handling capacity by 50.5 million tons.

That will bring the total handling capacity of China's ports to 500 million tons, sources from the Ministry of Communications say.

Of the new docks, nearly half are deep-water berths, they said.

Ten expansion projects, approved by the State Planning Commission this year and expected to go into operation by 1992, were listed as State key projects in the current five-year plan (1986-1990). The idea is to assist the country's foreign trade.

Seventy deep-water berths are included in the projects requiring an investment of 4.5 billion yuan (\$957 million) and \$170 million, they said.

After completion, the handling capacity will be increased by another 52 million tons.

The new docks are located at the Dalian, Yingkou, Qinhuangdao, Yantai, Qingdao, Lianyungang, Shanghai, Nanjing, Ningbo, Zhanjiang, Guangzhou and Tianjin ports.

According to the ministry plan, 120 deep-water berths and 80 mid-sized ones should be built in the five years, bringing the number of deep-water docks to 322.

However, only 66 deep-water docks have been constructed in the past four years.

They said fund shortages and price increases sabotaged the schedule.

The same problems have slowed the pace of port construction and renovations this year.

It is estimated that about 100 deep-water berths of the planned 120 could be built by the end of the 1990.

Despite the growing demands of foreign trade, it is difficult for the State to invest more in port construction.

At present, about 90 percent of the foreign trade commodities are handled through ports.

The officials suggested two possible way to speed port construction.

The first is to encourage the localities to invest and construct ports, especially the mid-sized ones.

The ministry planned that 19 docks would be constructed by localities this year, but they have actually finished 36.

The second way is to use foreign loans. Currently, the ministry is using about \$485 million in loans in seven port projects at Shanghai, Tianjin, Guangzhou, Dalian, Ningbo and Xiamen.

In charge of the national highways and waterways transportation, the ministry is willing to divert more foreign loans to modernize its transport facilities.

Tianjin, Tibet Strengthen Economic Cooperation

OW3112003089 Beijing XINHUA in English
1458 GMT 30 Dec 89

[Text] Tianjin, December 8 (XINHUA)—Tianjin has built 25 projects, including an opera house, hospital and a wind-driven power station, for the Tibet Autonomous Region in the past seven years.

The coastal city has also provided commodities worth more than 100 million yuan, including bicycles, TV sets, textiles and other consumer goods, for Tibet since 1983.

At the same time, Tibet has supplied Tianjin with large quantities of traditional Chinese medicine, minerals, wool and other raw materials.

Officials of the municipal government said that co-operation between Tianjin and Tibet has promoted the economic development of both places.

Tianjin has advantages in technology, skilled personnel, processing capacity and foreign trade, while Tibet abounds in natural resources and animal by-products.

For example, butter is a daily necessity for the Tibetan people [words indistinct] tons a year. To help bridge the gap, the Hongguang Food Factory in Tianjin has imported a production line from Britain to produce butter for Tibet.

Tianjin's industrial enterprises depended on the import of 5,000 tons of chromate a year in the past and shortages of the material affected some 300 factories making bicycles, [words indistinct] and medicines, as

well as the local canning industry. However, this year the city began to purchase chromium ore from Tibet, solving the problem.

Cooperation between the Tianjin carpet factories and the Tibetan wool industry has enabled the latter to increase its income by 70 percent.

Large Northeast Liaohe Oil Bearing Stratum Found

OW3112080389 Beijing XINHUA in English
0717 GMT 31 Dec 89

[Text] Beijing, December 31 (XINHUA)—A large oil bearing stratum has been found recently at the Liaohe Oilfield in northeast China as a result of large-scale exploration, according to the OVERSEAS EDITION of today's "PEOPLE'S DAILY."

It is estimated that the newly found oil bearing stratum has reserves of several billion tons.

This year, the Liaohe Oilfield Administration has invested 300 million yuan in exploration which has greatly increased the field's oil reserves. It was also found that some oil reservoirs thought to be depleted still have the potential to produce oil. Another five oil bearing strata have also been found to the north of the oilfield.

Experts also believe that there is oil in the Liaodong Gulf in Bohai Sea.

XINHUA Examines Foreign Aid in Oil Production

Part One

OW2312210789 Beijing XINHUA in English
0657 GMT 21 Dec 89

[First of three stories on Bohai Offshore Oil by XINHUA correspondents Wang Zizhen and Zhang Hongwen: "International Co-Operation Promotes Oil Development"]

[Text] Tianjin, December 21 [XINHUA]—The Bohai Oil Corporation, the pioneer in the development of offshore oil in China, has verified more than 300 million tons of crude oil reserves and 33.8 billion cubic meters of natural gas in the Bohai Sea since 1980.

But in the 15 years before 1980 the corporation verified an oil reserve of only 40 million tons and a negligible gas reserve.

Cao Dean, the general manager of the corporation, says: "This achievement should be attributed to international co-operation over the past decade. There would have been no such development without it."

Cao said that through co-operation with oil companies from Japan, France, Britain and the United States since 1980, the corporation has made substantial progress in three major fields:

First, in geological exploration, the corporation and foreign companies have prospected 35,000 square kilometers in the past decade, representing 70 percent of the total area available for exploration. They have found 12 oil and gas-bearing structures among the 20 geological structures explored. Under the Sino-Japanese co-operative project, they have drilled 37 wells in the western and central parts of the Bohai Sea, and 27 of them have gushed oil or gas with industrial value, representing a 75 percent success rate.

Second, development of offshore oil and gas has entered a new phase. The corporation could operate trial production with only a very small oil output before 1980. In May 1985, the Chengbei Oilfield, a Sino-Japanese co-operative project, went into operation, marking the beginning of quantity production in the Bohai Sea. In June this year, the BZ 28-1 oilfield, another Sino-Japanese project, went into production. The annual production capacity of the two projects has reached 800,000 tons. At present, three other oil and gas fields, including one Sino-Japanese project, are under construction.

Third, the corporation has been able to subcontract engineering and service projects, as it has built up a competent contingent with sophisticated equipment, up-to-date technology and modern management.

Cao said that during international co-operation, "at first, the foreign engineers and technicians did almost all the technical work while the Chinese workers were watching and learning from their operations."

"The second step was joint operation. Then the Chinese workers did the main work with foreign experts giving advice. Now, the employees in this corporation can undertake all projects for offshore oil exploration and development."

The technical force and workers have not only commissioned offshore oil projects in line with international standards for oil exploration and development in the Bohai Sea, but also contracted projects in the Yellow Sea and South China Sea.

Moreover, they have offered technical and engineering services for such main Chinese onshore oilfields as Shengli, Dagang, Qinghai, Xinjiang and Hebei. In the past 10 years, the corporation has earned 680 million U.S. dollars through service contracts for foreign companies and more than 200 million yuan from services for domestic firms.

During international co-operation, the corporation has stressed the sharing of risks and interests with foreign companies. For example, a Japanese oil company has spent more than 600 million U.S. dollars of risk capital for exploration. Later, it spent an extra 200 million U.S. dollars for joint development of the Chengbei Oilfield.

To enable the co-operative partner to recover the investment, the Bohai Oil Corporation, with official approval,

has changed the terms of the original contract to enable the Japanese to recover development investment first and get a bigger share of oil output.

On the prospects of oil development in the Bohai Sea, Cao said the vast sea abounds in oil and gas reserves, according to available data. In the next three years, each year will see a new oilfield going into production.

Cao said he expected that the annual crude oil production capacity in Bohai will reach two million tons and natural gas capacity 500 million cubic meters in the early 1991-95 period.

Part Two

OW2312215589 Beijing XINHUA in English
0701 GMT 21 Dec 89

[Second of three stories on Bohai Offshore Oil by XINHUA correspondents Wang Zhizhen and Zhang Hongwen: "International Co-Operation Accelerates Technological Progress"]

[Text] Tianjin, December 21 (XINHUA)—Modern platforms have replaced simple oil-drilling rigs in China's offshore petroleum industry which promises a big potential, thanks to international co-operation over the past decade.

Cao Dean, general manager of the Bohai offshore oil corporation, says China's offshore petroleum exploration started in the Bohai Sea in 1965. At that time, his company was short of funds, technology and equipment.

Lacking experience in the development of offshore oil, it simply transplanted the onshore oil prospecting process. The first offshore drilling rig was supported and fixed by wooden piles, and a seismic sea wave swallowed it.

Later, the company manufactured several oil platforms based on information contained in some magazines and even advertisements. The platforms were so simple and rough that the houses on them had cracks and oil workers called them offshore "gan da lei" (rammed-earth accommodation for oil workers in Daqing in the 1960s). Such platforms were vulnerable to sea, ice, storm and other natural hazards, and the safety of the oil workers was also threatened.

Cao says: "As the country was separated from the outside world, we could not learn advanced foreign technology during that period. We often researched and experimented with the technologies that foreign companies had been applying to production for years.

"International co-operation has widened our horizons and enabled us to see the technical gap between China and the world advanced level. To narrow the gap and catch up with the advanced level, we must introduce and absorb the existing technologies abroad and develop technologies suitable for our own conditions." The Bohai Oil Corporation started international co-operation in 1980 and signed five contracts with oil

companies from Japan, France and the United States. Through this co-operation, the corporation obtained funds, equipment and technology, and improved management as well.

Based on foreign technology and design, the firm began to manufacture China's first modern oil platform jacket in May 1982 and completed it by April 1983. The American Bureau of Shipping appraised it and issued a certificate indicating that it reached the international standard. Since it went into operation in May 1985, the platform has experienced various natural adversities but remained in good condition in the Chengbei Oilfield, in the Bohai Sea.

Over the past seven years, the Bohai Oil Corporation has designed, manufactured and installed 25 platform jackets. Among them, the 40-meter-high W-10-3 jacket built for oil production in the South China Sea can withstand such hostile elements as typhoons.

At present, the company is building in co-operation with an American company a platform jacket 120 meters high. It will be the largest in the Asia-Pacific region. The manufacture of the platform, which will be completed at the beginning of next year, represents another remarkable step in China's offshore oil technology. The Bohai Oil Corporation has also made great progress in geophysical exploration, a basic means for finding oil structures. Over the past decade, it has equipped six geophysical exploration ships with world advanced seismic instruments and imported three large computers and related software to process seismic data.

Now, three-dimensional seismic prospecting has replaced the two-dimensional method, and conventional processing of seismic data has developed into special processing, which has raised the success rate of test wells and cut the cost of further exploration. For example, the company drilled 99 test wells between 1966 and 1980 and found oil and gas in only 29 of them. From 1981 to 1988, it drilled 88 test wells and 46 of them spurted oil and gas, indicating a 52 percent successful rate, a rare world record.

The drilling technology of the company has approached the world advanced level as well. Before 1980, it drilled only two groups of directionally inclined wells. As each group has only four or five wells with a considerable error rate, the oil output was very low.

In recent years, the company has succeeded in drilling inclined multiple wells, 28 to a group. As well-mouths, concentrated on the platform, are two meters from each other and the bottoms 350 meters from each other, the multiple wells have expanded the oil recovery area, raised output and lowered costs significantly. In addition to importing, mastering and manufacturing advanced equipment, the corporation has invented an oil and gas reserve appraisal system and computer software. Application of the system and software has played an important role in determining oil and gas reserves, development planning, and other matters. The company has

found three oil and gas fields using the new methods, and both exploration cost and speed are up to advanced world level.

Another research success of the company was the survey and study of sea ice, one of the major dangers for offshore oil exploration and production. Through co-operation with a Federal German society, the Bohai corporation has observed and studied sea ice in Liaodong Bay by satellite, aeroplane, icebreaker and platform and mastered the movement law of sea ice. The findings have been applied to the design of the Jinzhou-20-2 gas field, which has helped to cut construction costs considerably.

Through international co-operation over the past decade, the Bohai Oil Corporation has imported and mastered 41 items of advanced technology and achieved 403 research findings, of which 54 have reached the advanced world level. It has been rewarded platform manufacturing and installation projects repeatedly in international competition. Its geophysical exploration, drilling and well-fixing technologies have also been applied to oil fields in other parts of China.

While adopting advanced technology, the corporation has also improved the qualifications of its employees. Among its 16,000 workers over the past decade, 5,200 have attended cultural classes and 4,800 have taken part in technical training courses. The company has also held various lectures and classes for managers. At present, 580 technical workers in the corporation have obtained internationally recognized certificates.

Part Three

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0735 GMT 21 Dec 89

[Third of three stories on Bohai Offshore Oil by XINHUA correspondents Wang Zizhen and Zhang Hongwen: "International Co-Operation Increases Ability of Self-Reliance"]

[Text] Tianjin, December 21 (XINHUA)—Self-reliance and international co-operation must go hand in hand, says Cao Dean, general manager of the Bohai Oil Corporation.

He speaks with the experience of nearly a decade of co-operation with foreign companies—co-operation, he says, that has significantly improved the self-reliance capacity of his corporation.

In an interview with XINHUA, he said international co-operation has given the corporation access to foreign funds, equipment, technology, management and personnel.

Cao said the corporation had conducted offshore oil exploration and development independently for 15 years before 1980 and found an oil reserve of only 40 million tons. Shortage of funds, obsolescent equipment and technology, and inexperience were the major handicaps.

The corporation began to co-operate with foreign companies in 1980 and signed service contracts with dozens of oil companies from Japan, France, the United States and other countries. During the co-operation, the corporation has learned from valuable technology.

It restarted independent oil exploration in part of the Bohai Sea in May 1984 when it had surplus capacity.

Cao said: "We wanted to accelerate prospecting and development. But foreign companies are not always ready to join a project."

In independent exploration and development since 1984, the corporation, armed with sophisticated technology and up-to-date experience, worked hard to collect and process data. It selected the buried hill belt in Liaodong Bay, in the northern part of the Bohai Sea, as the main drilling target.

Based on such sophisticated techniques as three-dimensional seismic prospecting, satellite positioning and navigation, and data processing by computer, the corporation has accelerated the pace of exploration.

Over the past five years, it has completed 40,000 kilometers of seismic lines, drilled 43 appraisal wells with 60 percent of them ejecting oil and gas, and found 10 oil and gas bearing structures, of which the SZ 36-1 field has an oil reserve of more than 200 million tons, the largest offshore oilfield in China.

The corporation has proved 300 million tons of oil reserves and more than 20 billion cubic meters of gas in the five-year period, compared with the 40 million tons of oil reserves and negligible gas reserves in the 15 years before 1980.

Cao said: "Our independent exploration and development of offshore oil has not reduced opportunities of co-operation with foreign oil companies as our main aim is to seek more co-operative partners abroad. The independent operation has also offered new opportunities, such as technical services, for foreign oil companies."

On future international co-operation in exploration and development, he said that although the corporation gives equal stress to independent operation and co-operative projects, there are still a great number of opportunities for foreign partners.

The reason is that a technological gap will remain between China and the advanced world level for a considerable period of time. Even if China had reached the advanced world level after decades of effort, international exchanges are still essential because different countries and companies have their own particular advantages to offer.

Article Terms Textile Industry Situation 'Grim'
HK1512081089 Beijing RENMIN RIBAO in Chinese
30 Nov 89 p 5

[Article by staff reporter Li Qian (2621 5409): "Difficulties, Opportunities, and Options—Commenting on the Situation in the Textile Industry"]

[Text] The situation in the textile industry, which is shouldering the task of clothing China's 1.1 billion people and earning one-fourth of the nation's total foreign exchange, is considerably grim. There are numerous worrisome problems lying before us: There are shortages in raw and semifinished materials as well as energy, and some large and medium-sized enterprises have had to suspend or reduce production.

While the gunpowder smokes of "wars" [as published] of all descriptions have not disappeared, problems have cropped up, such as too many unsalable goods on the market, an overexpanded inventory, a difficult circular flow of funds kept idle, a drop in economic efficiency, and a greater number of enterprises suffering operation losses.

Can the textile industry extricate itself from this difficult position?

At a forum of some departmental and bureau directors recently convened by the Ministry of Light Industry, the textile departmental and bureau directors of eight provinces and municipalities, including Jiangsu, Shanghai, Shandong, Beijing, and Guangdong, discussed their own views with full confidence. They said: At present, the contradictions in such areas as funds, raw and semifinished materials, and markets are very sharp. There are difficulties to overcome on our way of advancement. Moreover, it is beyond the reach of the textile industry to control the major external environment, though undoubtedly we can readjust and change the internal one by relying on our own efforts. So long as we summon our courage, mobilize the masses of people, and pool everybody's wisdom and efforts, we may be able to extricate ourselves from the difficult position.

The experience of the Changshu City Textile Industrial Company in Jiangsu has fully proved this point. Like all textile printing and dyeing enterprises all over the country, factories under their jurisdiction encountered all kinds of contradictions and difficulties. They discussed the problems with the masses of people and, through extensive and thoroughgoing political and ideological work, let everybody get a clear understanding of the situation and the responsibilities they are shouldering; they fostered the faith of overcoming difficulties through one's own efforts. Through supporting and understanding each other and cooperating with each other, all employees worked together with an enterprising spirit to perfect internal production and operation mechanisms. Hence, they became more capable of meeting contingencies and withstanding strains. They made concerted efforts to develop 682 new products

which sold well, like hot cakes on the market. All the company's 12 weaving and spinning, knitting, and printing and dyeing enterprises are carrying out production with a free hand, and they are free from worries about excessive stockpiling of products. Every enterprise has made a profit. In the last 8 months of this year, after absorbing price increases totaling 56.78 million yuan, the whole company produced 28.6 million yuan in profits, an increase of 2.27 percent over the same period of last year.

Gearing all efforts to international markets, developing marketable products, improving product grades, and exporting more goods to overseas markets are also an effective remedy for solving the current sluggishness in the market and shortages in raw and semifinished materials. When there were shortages in raw and semifinished materials, such as cotton and sheep's wool, Shanghai's textile enterprises expanded exports using methods of processing with imported or supplied materials and thus made achievements. In accordance with the requirements of an export-oriented economy, they straightened out internal mechanisms and readjusted the export product mix, thus promoting the readjustment of enterprise and trade structures. Meanwhile, they pursued an export agents system and made use of the strong points of industry and trade, boosting their capability to overcome unfavorable factors. That foreign trade departments and production factories openly signed orders with set selling prices helped further boost the latter's employees' sense and responsibility of earning foreign exchange. They exerted efforts in such areas as small batch production, product variety and grades, and quick delivery, and thus boosted their reputation. All these were well received by customers. In the third quarter of this year, the producing factories earned more than \$100 million in foreign exchange through exports each month, and in the last 9 months, they earned \$811 million in all, overfulfilling their tasks according to plan. In addition, they recovered the shortfall in output caused by problems in the supply of energy as well as raw and semifinished materials, thus effectively checking production from further declining.

More often than not, pressure means opportunity. In the last few years, since last year in particular, many textile enterprises have been operating under capacity because the gap between supply and demand of cotton was considerable. To survive and develop, they worked hard to develop new products using non-cotton fibers and made innovative progress in developing products using polyester fiber piece-goods, ramie fabric, and rabbit's wool. In developing products using man-made fiber piece-goods, many localities set up more trade combinations. Consequently, new products were developed in a coordinated sequence, ranging from spinning and weaving, silk weaving, and printing and dyeing finishing to dress processing. At the national fair of the serial products using polyester fiber piece-goods, an exhibition sponsored by the Ministry of Textile Industry in Beijing

last April, 77 enterprises from 9 provinces and municipalities including Jiangsu, Zhejiang, and Shanghai exhibited more than 10,000 novel-style garments using polyester fiber peace-goods in 600 designs and colors and 100 or more varieties. They were sold out quickly. Such localities which abound in ramie, such as Hunan, Hubei, and Shandong, developed new products with Chinese characteristics using it as raw material, and they were well received in overseas markets when they were test-marketed there.

Although the abovementioned products have been developed considerably, batch production capacity for them has not taken shape. At present, the domestic supply of textile fabrics is relatively ample, and textile printing and dyeing enterprises no longer need to rush round the clock for greater output to ensure that textile fabrics are not out of stock during the "big tide of a buying spree" as they did in the past. This provides a fairly good environment for us to readjust the industrial structure and product mix. People of insight maintain: Those localities and enterprises which are good at grasping this golden opportunity and readjust the product mix and sell their new products on the market in batches before others will surely be able to extricate themselves from a difficult position and stand out in the competition. Those who adopt a wait-and-see attitude and hesitate to make a move will find it hard to avoid losing a good chance and this will lead to failure.

It must be admitted that it is far from enough for the textile industry to extricate itself from a difficult position by relying merely on the enterprises' own efforts. It is necessary for leading departments concerned to pursue a tilting [qing xie 0282 2428] policy in regard to raw materials, funds, foreign exchange, and energy; to give priority to large and medium-sized enterprises, enterprises which have made remarkable achievements in developing new products, and enterprises which are readjusting the industrial structure in this regard; and to make good use of limited raw materials and energy.

Article Views Development of Private Economy

JK1312124789 Beijing ZHONGGUO JINGJI TIZHI
GAIGE in Chinese No 11, 23 Nov 89

[Article by Qin Shaoxiang (4440 1421 4161): "Some Thoughts Prompted by the Development of Individual and Private Economy"]

[Text] The reappearance of private ownership of production materials in China has caused wide concern in various social sectors. Today, the private and individual economy is no longer an individual phenomena. In some regions, certain individually- or privately-run industries have become the main bodies there. Its status and functions have developed far beyond the original concept of "playing a supplementary role." Following a decade of development, there are indications that we must step up investigation and research of the individual and private economy to achieve a new understanding and assessment, and to plan for a steady, coordinated

economic and social development with continued domination of public ownership. For your reference and research, the following are some of my immature thoughts on certain issues in the private and individual economy. I hope the sprat I throw out may catch a mackerel.

Review and Retrospection

Over the last decade, the appearance and rapid development of the private and individual economy in rural and urban areas, particularly in the rural areas; the partial disintegration of the rural collective economy; and the enormous difficulty encountered by state-run enterprise reform have triggered a series of social problems: A worsening of distribution disparities among rural and urban populations which have been suffering from low average income as a result of a rapid private economic development, the ever sharper increases in production returns over rural farming, resulting in the recession of the latter, and the like. With this situation, doubts have been raised concerning private economic development, which can be summarized as follows:

1) What exactly is the social significance of the resurrection of private enterprises on the very soil of the public economy by those who previously "understood very much the malaise of the private economy?" Is its appearance and development a regression or progress? 2) Has the individual and private economy reached the end after a decade of development? 3) Is there a danger of nationwide privatization in developing the individual and private economy? The very posing of these questions signifies a critical historical turning point for China's individual and private economy following a decade of development. At present there is the urgent task of reviewing the past, summing up experiences and lessons. What is the specific significance of the individual and private economy? What is the basis of taking enterprises with eight hired hands as private enterprises? What has been the practical outcome? How do we assess the total scale of the individual and private economy following 10 years of development? Has the development of the individual and private economy made any breakthroughs beyond our original concept of "the individual and private economy playing a supplementary role?" If so, what are they? Are the causes for the breakthroughs man-made, or the realization of an objective process so there would have been breakthroughs in any case? These questions must be re-thought in a whole new fashion.

Suitable Macro-regulation and Control Is Needed

Practice proves that the present management mechanism cannot cope with the development of the individual and private economy. This is reflected in: 1) The departments involved in practical operations have no law or regulations to rely on. 2) Functional governmental departments generally exercise their management role in the context of their own interests. Their powers do not match with their jobs, and necessary management boundaries are vague. 3) Mechanisms for tax collection

are still imperfect. Although the "PRC Interim Regulations on Private Enterprises" have been promulgated and implemented, localities have continued on their own in levying tax on the private and individual economy. There are great differences in tax items and tax rates among localities. 4) Operators are generally low in quality and, together with the still imperfect enterprise system, have made macro-management more difficult. The development of the private and individual economy objectively requires a matching macro-regulatory and control mechanism. One urgent problem that needs to be studied and resolved if individual and private economy are to develop in a steady and healthy manner, is how to exert effective control on a macroscopic level through policies or laws, and how to create a centripetal force in the private and individual economy toward the socialist public-ownership economy through the regulation of microscopic economic levers, and through the self-perfection, self-organization and self-management of the private and individual economy.

Explore the Maximum Scope of Development of Private Economy

The report of the 13th CPC National Congress pointed out: "Though the private economy carries the economic element of hired labor relationships, under socialist conditions it is bound to be related and subject to the dominant public ownership system and its tremendous influence. Practice proves that a certain degree of development of the private economy has helped promote production, enliven the market, increase employment and better satisfy the various living needs of the people. The private economy is a necessary and beneficial supplement to the public-ownership economy." After a decade of development, there should be a comprehensive analysis and summing up of the functions of the private economy and its supplementary status.

Looking realistically, in certain regions the domination of the individual and private economy has appeared, and such a trend is expanding. At the same time, in these private and individual economic prospering regions, a coordinated development between the public and private economic elements has continued to be a serious problem. What are the marks signifying that the public ownership is occupying the leading status? And how can we guarantee its leading status? In different stages of economic growth, how large a proportion should the private economy account for in the national economy, and how large in gross production value, in the percentage of business operations and the number of employed, before we can say there is a coordinated social and economic development? These are all problems that need to be addressed. From what we know from existing theories, a coordinated private and public economic development dominated by public ownership, with the two supplementing each other, represents the best choice for ownership system. However, viewed in terms of practical operations,

where no restrictions on the development of the private economy are in place, there lurks the danger of the public-ownership economy being further privatized. We should pay serious attention to this danger.

A New Class Is Being Born

Social changes inherent in economic structural reform involve a massive transformation of key group elements in a socio-economic system and as such, should be planned and controlled. The revolutionary change in Chinese rural social production method and forms of exchange launched 10 years ago, which was aimed at developing rural commodity economic mechanism, has within a short time provided historical and material conditions for the reappearance of the individual and private economy. Over the last decade, the private and individual economy has appeared, developed and expanded from weak to strong, and from rural to urban areas, to becoming an important social and economic force. If people are attentive enough it will be hard for them to escape the conclusion that the private economy, which originated in the transformation of rural social and economic system, has, through its development and rearranging the status of rural key social and economic elements, promoted a reintegration of the social and economic system. This phenomenon calls for some study.

First, the infiltration of the private and individual economy in the social and economic system as reflected in various aspects of social life, social realms and different social sectors. Mainly the infiltration has taken the forms of regional expansion, economic structural change, and change in the value orientation of social members.

Second, the social conflicts brought about by the development of the private economy. Reform has created for each person in society an opportunity. "The principle of returns" has gradually become a new standard in assessing social fairness. And when reform has descended upon our lives, when people finally see that not every one is going to benefit from it, or do so in equal share or quickly enough, people's minds undergo delicate change, and people, in the process of the development of the individual and private economy, suffer from a split between reason and feelings. In a certain sense, the development of the private economy has not been gospel to every strata in the rural community. Some people seized the opportunity and made a fortune fulfilling their dreams of getting rich, while most of them have only enough to eat and wear. This fact is cause for attention.

Third, as private enterprises develop and their scale of operation expands, so does the number of owners of private enterprises, and step by step the economic and social status, life style, ideology and special interests and demands of these owners will differ from other social classes. This signifies the emergence of a new

social class in our country's social structure—the private enterprise owner stratum. For now there are only several hundred thousand private enterprise owners (225,000 according to State Industrial and Commercial Bureau's statistics and about 400,000 in author's estimate). This is a small figure compared with those of other social strata. The stratum is yet in the making and developing. Its social prestige, social status, cultural quality and levels of operation and management are still relatively low. But we cannot deny that their group consciousness and power as a stratum are also developing.

The Formation of the Non-government Market and Its Failures

Non-government markets have been created as a result of the development of the individual and private economy. For now there have not been a set of corresponding market regulations. The present market organization is in a spontaneous stage, and various weaknesses in the market structure have surfaced. First there is a lack of mutually-supportive and systematic commercial rules and regulations to act as a standardized and binding norm for market behavior. Second, the highly disorganized nature of marketing agents. Basically purchasers and salesmen conduct business independently, without a network of connections. Third, private enterprises, as the main body in the market, exhibit short-term behavior, lacking inner motive force for long range development and a corresponding sense of social responsibility. Fourth, problems exist in making use of economic regulatory levers such as price, taxation and credit facilities. Microscopic economic activities of private enterprises have not received effective guidance and necessary supervision. These failures have created many loopholes for exploitation in non-government markets and caused violent market fluctuations. At present there are no normal channels for the private and individual economy to get a share in the distribution of public resources. On the other hand, there exist various kinds of weaknesses in the market, aggravating the many ongoing confusions in economic life.

The Issue of Property Rights Should Be Given Serious Attention

Over the last 10 years, the development of the private economy has been in the forms of capitalization of personal incomes and privatization of the operation of the public-ownership economy. Owing to its specific historical conditions, there is widespread confusion of property rights, and so far it has not attracted sufficient attention. As a matter of fact, ambiguity of property rights has hurt the property rights of collective units, leading to, among other serious problems, the short-term behavior of private enterprises. Urgent study is required in order to distinguish genuine collective units from fake ones and to find practical solutions.

Measures Against Possible Stagflation Outlined

HK1012025089 Beijing JINGJI GUANLI in Chinese No 10, 1989 pp 24-26

[Article by Shen Liren (3088 4539 0086), edited by Shen Zhiyu (3088 1807 3342): "Countermeasures Against the Possibility of Stagflation"]

[Text] To guard against economic slide and stagflation is an important issue regarding the work of straightening out and consolidation. Both the slide and stagflation are marked by similarities and differences. A sharp drop after a rapid rise does not necessarily mean that it is a slide. A slide takes place if it drops too sharply that the economy is below its normal growth rate, or if there is even zero growth or negative growth. In most cases, such slide is a temporary one, and one can make it bounce back without any difficulty after some measures are taken. Any concurrence of a lengthy slide without bouncing back and an inflation makes a typical stagflation.

Stagflation is a law of the capitalist economics. Will there be stagflation under the socialist system? It is better for us to divide stagflation into two parts, namely inflation and stagnation of growth. Inflation has already taken place in China. However, some people frankly said that stagnation would not take place. Their reason for this was that it was difficult to suppress an easily expanded economy, on the basis of which our traditional system based upon.

Such a viewpoint is debatable. Inflation and stagflation are, to a larger extent, a product of an imbalanced relations between society's supply and society's demand. Inflation emerges when the demand is greater than supply. In particular, this is the case when the demand is too great that it exceeds the growth of supply. Stagflation is developed when the growth of demand becomes strong or weakened, while the growth of supply is constant and slow in action. In other words, the possibility to increase the social wealth gradually diminishes. At present, China has already been shrouded by the possibility of stagflation:

First, the focal point of demand growth is gradually switched onto consumption inflation, while the inflation in investment has just been rectified. Under the traditional system, a demand inflation mainly means inflation in investment. After a decade of reforms, the demand inflation has been intensified as inflation in both investment and consumption. The inflation in investment was checked after we straightened out and consolidated the situation. But we still have not found an effective means to control the inflation in consumption. An indication worth us paying attention to is: of the investment as a whole, the proportion of non-productive investment was increased while that of productive one was dropped; the growth rate of productive investment was slower than that of the whole economy; and the growth rate of investment in sectors that maintain our

livelihood was even slower than the price rise, in particular, that in the means of production, in certain years. After calculation, some people held that in recent years, the productive investment actually saw a negative growth. Together with a checked growth of circulation capital, the actual rate of consumption accumulation in the national economy dropped to about 25 percent or even lower. This indicated that inflation in investment existed only in name, and in reality, it was a reduction of investment.

Second, it was very difficult to boost the supply. To boost the supply is by no means a simple phrase. It means an increase of "bottleneck" products by "bottleneck" industries. At present, this refers to the production of agricultural products, energy and raw materials. Over the years, the production level of agriculture was in a state of fluctuation, while the growth of energy and raw materials had long been slower than that of processing industry. It thus became a factor to the shortage of supply, which in turn brought about inflation. In the long run, the sum of investment in agriculture is decreasing, so does the investment in fundamental industries and basic facilities. Together with a limited growth of production capacity, this imposed a rigid limitation on production and supply as a whole. Our experience showed that when people forecast a short supply of consumer goods, they would tend to expand their production capacity without careful consideration because it was a "speedy variable." To them, it was more difficult to develop agriculture and fundamental industries, which required a large sum of investment and was marked by a long investment period and ineffectiveness, because they were "sluggish variables."

Third, following such changes in the investment pattern, the strength of accumulation by the state was weakened, and accumulation mechanism of enterprises was not powerful enough. In the final analysis, to maintain a steady and constant growth in the supply rests, to a larger extent, with the level of accumulation. An excessive accumulation would, of course, bring about economic dislocation. Too few an accumulation would become the cause of having an insufficient supply and stagnant growth. Under the traditional system, both the state and enterprises suffered from the "illness of desiring for investment", so that there developed an inconsistent situation where there was an inflation in investment despite the shortage of capital. After the implementation of reforms, the pattern of investment was changed. The source of investment was diversified, and so did the decisions made concerning investment. The state was no longer the major subject in this respect, though it still undertook the tasks of making major investment in fundamental industries, basic facilities and non-profit-making undertakings. On the other hand, as a result of a variety of reasons, the proportion of fiscal revenue to the revenue of the national economy dropped to the bottom so that the accumulation capability of the state was weakened to such an extent that it was unable to undertake the above-mentioned tasks. Originally, it

was enterprises, which were the cells of the economy, that should gradually develop an accumulation mechanism and later replace the state as the investment subject. However, at the present stage of reforms among enterprises, at which their short-term acts are yet to be eliminated by our system of contracted responsibilities, enterprises neither are good at self-transformation nor have their self-development mechanism. All these have made the distribution of revenue in the national economy favor the side of consumption, so that little was achievement on the side of accumulation.

Fourth, the current fixed assets have been excessively utilized and there is insufficient replenishment, so that there is a hidden risk that may affect reproduction. A steady growth of the national economy rests with reproduction of the current fixed assets on the basis of maintaining a simple reproduction. Anyone who attempts to achieve his goal without the former would gain nothing from the latter. We had long been unable to handle well these relations, which have become more serious over the years. This was manifested by: We acted one-sidedly to strive for economic growth and often sought after utilization without giving due thought to maintenance and replacement; we took short-term acts and used all means to "tap potential" without taking into consideration the consequences; and the recent inflation has further reduced the value of fixed assets, thereby bringing more obstacles to their replacement. According to the statistics, the value of fixed capital owned by all state-run industrial enterprises in China has been reduced by more than 50 percent. Their original value was cut by about 300 billion yuan when compared to their value of replacement. Some people with good insight pointed out that if we let things go on like this, it might bring about an economic recession indicated by an obvious stagnant growth.

In the wake of our straightening out and consolidation, it is by no means irrelevant when a person brings out the issue of stagflation. Rather, it is an act of prevent right before the peril starts. In the course of straightening out and consolidation, we should adopt the following measures in order to guard against stagflation.

First, we should take different treatment in our austerity work, and fix the scale of investment in productive projects at a rational one. As our work had no effect on the consumption inflation despite that the scale of investment in fixed assets was checked in the past year, we should continue to place our focal point of the austerity work on the former. However, this does not mean that we may relax our work of straightening out the investment. Instead, we must take different treatment for consumption and investment, for non-productive projects and productive ones that have been invested, and for fundamental industrial facilities and processing ones. We must not act "indiscriminately". Be it an austerity of investment or an austerity of currency or a tightened credit, we must adopt policies to protect the productive projects, in particular, the fundamental industries, and set limits so as to have a rational scale of

investment in them. The so-called acting without damaging the framework is to act without undermining the reserve strength of the fundamental industries. Only thus can we gradually increase the effective supply, and act in the spirit of straightening out and consolidation, rather than acting in a pessimistic manner.

Second, we must stress on the readjustment of the composition of investment, and guide the flow of idle capital in society to the "bottleneck" industries. To China, capital is a kind of scarce resource. The reason that an inflation in investment took place under these circumstances is because of problems concerning the composition and returns of investment, in addition to an illusion of over-distribution of revenue in the national economy, that is, the distribution of currency did not dovetail with the utilization of the material objects. This has nothing to do with the scale of investment. We hold a positive view that under the prerequisite that the cost of a material object equals to the value of that object, it is normal that the ratio of accumulation to consumption is 30 percent to 70 percent. However, the point is that the composition of investment in such ratio favored such luxurious consumption projects such as the processing industry and the construction of buildings, halls and stadiums, which are non productive ones. Therefore, quite a portion of investment was wasted and became an ineffective supply. In particular, after the source of investment was diversified, the importance of budgetary investment was replaced by that of additional investment. It has become so serious that one cannot make any change in the overall situation by simply adopting a austerity program or readjusting the former. Therefore, while we spend great efforts on organizing the financial revenue and checking the economic slide, we must change the focal point from checking investment to guiding the flow of investment into "bottleneck" industries such as raw materials, energy, agricultural and transport industries. This is an important step for readjusting and optimizing the composition of industries, and depends on a variety of means such as economic, administrative and legal ones. Some people feel panic when one talks about raising funds in society. It may become a good news to them if we change the direction of investment. Of course, this does not change our practices of increasing our savings through various means, turning consumption funds into accumulative ones, and turning social investment into credit investment marked by a better planned nature.

Third, we should intensify reforms among enterprises, overcome the short-term acts taken by enterprises, and build internal accumulation mechanism in enterprises. We take reforms among enterprises as the core, particularly the current focal point, of our reform as a whole because enterprises are the basic production units and because the work of checking demand and increasing supply depends on them. After the implementation of the system of contracted responsibilities, there were both rapid and effective results and ineffective ones. The so-called short-term acts mainly refers to the act of

neglecting and defying accumulation. One of the purposes of perfecting the contract system was to, in the process of strengthening the stimulation mechanism, build a corresponding self-constraint mechanism among enterprises marked by an accumulation mechanism. It seemed that to simply relying on an extension of the contract term did not help solve contradictions at a greater depth. The only way out still rests with the definition of the right of property, so that the right of ownership will be personified. Only thus can we clarify the interests of ownership from those of consumption. Therefore, a person will be concerned about the growth of property rights and the prospects of the enterprise in question on behalf of the state, an enterprise or any other legitimate property right owner. To build and strengthen the accumulation mechanism among enterprises will be the source of driving force for our economic development. It has its inherent nature (at present, the motive for expansion by an enterprise is an external one—to ask for more investment from the state) and is favorable to check and readjust consumption.

Fourth, we should readjust distribution structure of the national income, and safeguard the reproduction of fixed assets. Prices were further distorted under the impact of inflation, so that the distribution structure of national income was further deformed. One of the consequences was just as it has been illustrated. In short, fixed assets was devalued, the actual amount of depreciation dropped, all profits of enterprises were nominal figures, so that the accumulation was eroded by consumption. This has seriously undermined a rational reproduction of fixed assets which would otherwise have been made. We must not rely on a redistribution of the national income (such as the grant of financial subsidies) in order to mitigate this contradiction. Rather, we must have a set of clear rules right at the stage of initial distribution. Some people suggested revaluation of the fixed assets. This is one of the requirements for reforming the enterprise system and defining the property rights. However, this involves a huge amount of work and is not a permanent solution. A feasible way may be the practice of inflation accounting, under which the value of capital will be preserved, and the depreciation rate will be readjusted, so as to achieve reproduction of fixed assets. Obviously, this also requires coordination from many sectors. But this is necessary for us to practice correct accounting, improve the economic results, optimize the structure, eliminate the hidden causes for stagflation, and check inflation.

There were also other causes that led to a stagflation of growth. This included a slow progress made by science, a dampened initiative among mental laborers due to unfair distribution, unhealthy tendencies in society, and so on. We must promptly take countermeasures to solve them. Otherwise, the material basis on which our society depends will be unable to meet the growth of consumption in society.

To guard against stagflation is not a stop-gap measures. In the long run, it has a bearing on a steady growth of the

national economy. Therefore, we must not only strengthen our strategic consciousness and update our strategic ideology, but also make the work of straightening out and consolidation dovetail with intensified reforms. This is also a very important aspect. Through a gradual progress of "straightening out, consolidation, and reforms", we may check the overheated growth as well as guarding against stagflation, thereby never having to go to any of the extremes. It will therefore be possible for us to solve all those problems brought by inflation, and that there will be a long-term stable situation which helps us carry out our reforms.

Editorial Discusses Prevention

HK2712012589 Hong Kong WEN WEI PO
in Chinese 8 Dec 89 p 2

[Editorial: "Rectification, Reform, Elimination of Stagflation"]

[Text] Today, many people are worried that China may experience "stagflation", a condition of a high inflation rate with little growth in GNP.

If China takes no preventive measures, there is indeed a chance of stagflation. This is because the present economic problems are the result of years of accumulation since 1984. They are shown in the following respects: (1) Economic growth is too quick, exceeding the level allowed by national resources. (2) Economic returns keep declining year after year. In 1984, an investment of 100 yuan by the state would make a yearly commodity profit of 16.5 yuan, but by 1989 the comparable figure dropped to 8 yuan. (3) The general social demand is in excess of general social supply. Each year, the growth rate of GNP is around 11 percent but that of consumption goes beyond 20 percent. Financial deficit is increased and new paper money issued to offset the difference, and consequently the inflation rate goes up. (4) There are dislocations in the economic structure. Agriculture is at a standstill and raw material supply, energy, communications and transportation develop at a slow pace while growth in processing industries is irrationally fast. Many enterprises have stopped production to wait for raw materials or power, whereas many others are suffering low benefits and waste of raw materials. If no adjustment is made in its economic structure, China can expect an economic stagnation in the days to come. (5) Economic order is not well maintained. Some links in the field of circulation enjoy large profits without exertion and some are still under unimproved management and even suffering losses. Take foreign trade for an example. They set up numerous overseas trading companies at a time when they are short of hands and commodities, thus causing heated but destructive competition, a deterioration of commodity quality, flooding of substandard goods, and a drastic downturn in the rate of foreign exchange earnings.

If no solutions are found to these problems, the economy in China will not be able to make its way ahead and this runs counter to the original intention of initiating the

reform. The objective of China's reform and opening to the outside world is to put an end to the low-benefit economy that China used to have, so that the national economy may follow a track of continuous, stable and well-coordinated development and the living standards of the people may be upgraded. The orientation of the reform in the past 10 years has been generally correct and the achievements in bringing up the living standards of the people are there for all to see. However, the unfavorable speed of growth and low benefits did occur, due to excessive emphasis on speed on the one hand, and some defects in reform planning on the other. But now, the 5th Plenary Session of the 13th Central Committee of the CPC has explored the crux of the problem and is managing to remedy mistakes effectively. This is indeed a sensible step.

Improvement, rectification, and deepening the reform are a cure for the possible stagflation in China. Some hold that improvement and rectification will turn back the clock of reform, which is in fact a misunderstanding. Even capitalist countries such as the United States and Great Britain keep strengthening government involvement in their economy, and adjust investment, production and consumption in view of the money supply theory. Such involvement is chiefly seen in the form of retrenchment of financial expenditure and tight money policy, and counteracting inflation with high interest rates. The chief measures that China has taken in its improvement and rectification are characterized by financial and credit retrenchment, and centralizing financial and material rights to an appropriate extent. The government involvement is still mainly through financial adjustment and control. These austerity measures are oriented to economic restructuring to ensure better implementation of reform and opening policy, and therefore, are not a retreat to the stage before that policy went into effect.

The clearest evidence in support of this, lies in the fact that no change has taken place in the contract system of enterprises, in the contracted responsibility system with remuneration linked to output in rural areas, in policies on individual and private economy, and in the integration of planned economy and market economy.

There are five aspects to China's rectification of its present economic situation: (1) Further deepen enterprise reform, enhance the productivity in state-run large or medium-sized enterprises, improve management and eliminate overstocking of products resulting from unsalability. (2) Increase investment in agriculture. It is not the commitment of the government alone, and farmers should be given guidance, through material incentives and the tax system, to invest more in capital construction in farmland and minimize house-building on arable land. When agriculture prospers, there will be a better supply of raw materials for industry and more funds will be accumulated. Therefore, the national economy will develop with higher benefits. (3) Implement the inclination policy in industry. Encourage and give support to

the production of raw materials, energy, means of communications and transportation, and components and fittings. Carry out corresponding price reform and raise the prices of the products in the above categories. Meanwhile, restrain the development of processing industries which are already excessive in amount, by withholding loans or raising interests. All this will contribute to the restructuring of the national economy. (4) Cut down general social demand and prohibit construction of more large public buildings. Forbid extravagant and wasteful practices in enterprises and government organizations, and induce a cool down of the social demand for certain goods that have come too early. (5) Restrain loans and the amount of money put into circulation through monetary manipulation.

These improving and rectifying measures are important to bettering China's macroeconomy. It is now evident that the industrial stagnation in September and October was a temporary phenomenon and also a desired result of redressing low benefit and overspeeding growth. With adequate adjustment, China will hopefully resume an economic growth rate of six percent as originally planned by the time spring turns into summer next year.

Tian Jiyun Urges Boosting Guizhou Agriculture

OW3112080889 Beijing XINHUA in English
0721 GMT 31 Dec 89

[Text] Beijing, December 31 (XINHUA)—The "PEOPLE'S DAILY" today carried a long article written by Vice-Premier Tian Jiyun on boosting agriculture in a comprehensive way in Guizhou Province in southwest China.

The vice-premier, who recently conducted an inspection tour of the province, one of China's poorest areas, said in the article that the province is facing difficulty in agriculture. However, it has potential, experience and expectation.

Tian said, hilly Guizhou has a dense population with relatively little farmland and a poor environment.

It has 1.87 million hectares of farmland, including 450,000 hectares of irrigated farmland, which turned out 6,000 kilograms per hectare, double the output of ordinary farmland.

Tian said if the amount of irrigated farmland were expanded to 930,000 hectares and output increased by 1,500 kilograms per hectare, the province's grain production would increase by 1.4 billion kilograms, thus becoming self-sufficient in grain.

The province has accumulated experience in scientific farming in line with its local conditions.

The vice-premier called on the province to tap its potential and further popularize scientific farming and boost agriculture in a comprehensive way.

While transforming low-yield farmland, the vice-premier said, the provincial government should pay attention to improving its environment by growing trees and grass on mountain slopes and in river valleys and boosting cash crops and a diversified economy.

Tian urged the province to further popularize the rural policies to reassure farmers, raise funds for purchasing farm products and protect farmers' enthusiasm in farming.

Austerity Program Results Seen in Rural Industry

Readjustment To Continue

HK1212100389 Beijing CHINA DAILY in English
9 Dec 89 p 2

[By staff reporter Wu Junhe]

[Text] Wuxi, Jiangsu—Chen Yaobang, Vice-Minister of Agriculture said yesterday the central government will continue to readjust the once-prosperous rural industry to keep it in line with the austerity programme.

In an interview with CHINA DAILY, the vice-minister said rural producers are shifting from the previous boom to present readjustment and improvement.

However, the vice-minister forecast that production of rural enterprises may continue to rise by 10 percent next year, even though the rate will be below this year's estimated 20 percent growth over last year.

The growth is attributed to a 20-billion yuan (\$5.4 billion) investment made by some rural firms in fixed assets this year. Enterprises that survive and newly-established ones will concentrate on the processing of farm produce and on energy and raw material processing.

They are also going to be encouraged to produce accessory parts for large companies in urban areas. Export production is also a priority of rural firms.

Governments and banks will continue to support rural entrepreneurs in these categories.

Rural industry has become an important sector of the country's economy with its development in the past decade.

About 27 percent of China's industrial production is made by rural enterprises. While China's State-owned enterprises declined by 0.4 percent in production last month over the same period last year, rural firms advanced by 4.9 percent.

Exports produced by the rural industry are \$8 billion a year. Rural firms produce about half of garments China sells abroad.

Estimates show that rural enterprises pumped a total of 16.3 billion yuan (\$4.4 billion) into farm production and another 68.4 billion yuan (\$18.4 billion) into rural development in the past decade.

These contributions made by rural industry will make the Chinese Government go on supporting it in the future, he said.

However, in the past, the development of rural enterprises has not been monitored. Too many firms have been producing the same products, causing waste of raw materials and energy. And competition between rural and State-owned enterprises both for raw materials and for sales has been fierce.

State firms usually got the lower hand in competition because rural entrepreneurs are more flexible both in production and sales.

Now readjustment of rural enterprises has achieved initial success in Shanghai, where 60 percent of the township enterprises are producing what State-owned enterprises need.

The Ministry of Agriculture will introduce a contract responsibility system to entrepreneurs and employees in rural firms.

Under the contract, both factory managers and workers are required to put up some money as a contract deposit. The money will be returned to them if the factories fulfill the profit targets set in contracts.

If not, the money will be used to compensate the factory for its losses.

'Overheated' Development Slows

OW3112084789 Beijing XINHUA in English
0631 GMT 31 Dec 89

[Text] Beijing, December 31 (XINHUA)—The overheated development of China's rural industrial enterprises has been slowed down, improving their production structure and raising productivity thanks to the present national austerity drive, according to the State Statistics Bureau.

The total output of rural enterprises in 19 provinces and cities, including Beijing, Suzhou and Tianjin Cities, and Hebei, Zhejiang, and Guangdong Provinces, this year was valued at 631.5 billion yuan (134.36 billion U.S. dollars), a 14.8 percent increase over last year, but much lower than 1988. Between 1985 and 1988, annual growth averaged 33.5 percent.

About 520,000 rural enterprises, which had competed with state-owned enterprises for energy and raw materials, produced pollution or were managed badly, in the 19 provinces and cities have been closed, merged or had their production transferred.

Because of the austerity policy, some rural enterprises are facing problems like a shortage of funds, debts and

slow sales. Some experts have suggested the country should provide funds to well managed rural enterprises whose products can meet the needs of the country.

Enterprises Progress Viewed

OW1412215489 Beijing XINHUA in English
1652 GMT 14 Dec 89

["Feature: Rural Enterprises Under Pressure, But Striving Forward"—XINHUA headline]

[Text] Shijiazhuang, December 14 (XINHUA)—Wang Nairang, manager of a small rural construction company, has found it especially difficult to maintain business this year as the state has scaled down capital construction since last year.

However, his company which employs over 300 farmers has still managed to set a production record. The company had profits of 0.7 million yuan this year, compared with 0.32 million yuan last year.

The 47-year-old Wang has a simple explanation for his company's success. "While there are fewer industrial construction projects, we build more residences. While there are fewer construction contracts, we concentrate on developing new building and decoration products."

Wang's company is located in a rural town in northern China's Baxian County between Beijing and Tianjin. The company and the county's 17,000 other rural enterprises, under the state's austerity program and economic readjustment policy, are striving for further development.

Rural enterprises emerged in China on a large scale early in the decade. As they provide employment opportunities for surplus rural labor and feature a flexible management system, they contribute a lot to the national economy. To date, there are 18 million rural enterprises across the country with an annual output volume of 700 billion yuan.

There have been problems. Some rural enterprises have been blamed for wasting energy and raw materials, and turning out inferior products. Therefore, the state decided to readjust the industrial structure of rural enterprises last year. Official figures show that this year over three million unqualified rural enterprises have been closed or merged.

Critical as the situation is for rural enterprises, Zan Siming, chief of Baxian County, believes that it is a good opportunity to improve. "Rural enterprises can't compete with large state-run enterprises. They should act as a supplement to the national economy," he said.

This year, Baxian County conducted a check on its major rural enterprises. A dozen small plants have been shut down, while some electroplating factories which seriously pollute the environment have been merged.

"Under the pressure of market competition, most of the rural enterprises in Baxian are strengthening economic

relations with other regions and developing new products," Zan says. About 80 percent of the county's rural enterprises have managed to rely on large state-owned producers in big cities and produce parts for high-grade products.

Furthermore, these enterprises have made efforts to increase export goods. Garments produced in Baxian County are exported to 21 countries and regions, while plastic products have earned about 7.2 million U.S. dollars.

According to Zan, the readjustment of rural enterprises has proven effective. The output of rural enterprises in Baxian County will reach 1.2 billion yuan, 40 per cent more than last year, while the levy they hand over to the state will also increase by 15 per cent over last year.

State To Mechanize 65 Percent of Agriculture

Ministry Outlines Goals

HK2912003089 Beijing CHINA DAILY in English
28 Dec 89 p 1

[By our staff reporter Wang Dongtai]

[Text] China plans to mechanize 65 percent of its agricultural production by the year 2000 in a major effort to raise productivity and output, according to the Ministry of Agriculture.

By the year 2000, every 100 hectares of farmland is expected to have 461.35 kilowatts in power output of machinery used, and the entire nation should have 470 million kilowatts in total machinery power output used in agricultural production, said officials of the Ministry's Strategic Development Research Centre.

In the suburbs of large cities and along the eastern coastline, 70 percent of the agricultural production should be completely mechanized by the year 2000. At the Three-River Plain in Heilongjiang Province, 80 percent of farming is to be mechanized.

Priority projects for mechanization include grain growing, timber production, feed processing and fishery.

In the suburbs of large cities, priority will be given to the production of grain, meat, eggs, milk, poultry, vegetables and fruit. Priority will also be given to the storage and preservation of food.

Along the eastern coastline, priority will be given to grain production, transportation, fruit, flowers, vegetables, fishery products, medicine, and animal husbandry.

In recent years, the machinery used for agriculture has been increasing at a rate of 18 million kilowatts per year in the country, experts said. The family contract system, which has been in use in the country for 10 years, is developing toward a larger scale of farming which is better for the use of machinery.

In many rural areas, farmers have found that the family contract system, which allows each family to contract a small piece of land, is not convenient for the use of machinery and irrigation systems.

Article Views Benefits

HK0301102590 Beijing NONGMIN RIBAO
in Chinese 13 Dec 89 p 1

[Article by Chen Junsheng (7115 0193 3932): "Agricultural Mechanization is the Fundamental Guarantee of Agricultural Modernization"]

[Text] Agricultural mechanization in China started from scratch. In the last 4 decades its scale has grown from small to large, and its development has been impressive. In 1988 the total amount of recoverable power of agricultural machinery in China had reached 2.65 hundred million kilowatts. At the same time, China had 6.83 million tractors of various kinds. Area plowed by tractors accounted for 46.7 percent of the total cultivated area, and mechanized irrigation covered 4 hundred million acres, which was 56 percent of the total irrigated land in China. This has, to a large extent improved conditions in, and raised the capacity of, agricultural production. Without agricultural mechanization, the development of agriculture and the rural economy in China would not have been so good.

In concluding from the experience of increase in grain production in the 6 years that followed the 3d Plenary Session of the 11th CPC Central Committee, we used to neglect the role of agricultural machinery and irrigation and drainage, and gave all the credit to the implementation of the family contract system of responsibility linked to production. We used to refer the experience only to this system, and simply did not mention agricultural machinery and irrigation. Of course we cannot negate the crucial role played by the family contract system of responsibility linked to production. However, we cannot ignore our comprehensive investment in agriculture either. For example, we raised the purchasing prices of agricultural products, built an age-old foundation for irrigation works, put into operation at different points of time several large chemical fertilizer plants, and increased the area of hybrid rice planting by more than 2 hundred million acres, etc. Therefore, the tremendous achievement in grain production and rural economic reform during the 6 years in question cannot be attributed solely to the family contract system of responsibility linked to production. Rather, it is a result of combined measures and input. Precisely because of the family contract system of responsibility linked to production subsequently raised initiative of peasants, irrigation works that have been accumulated over many years and the function of deep plowing made possible by mechanization over the years, can be made full use of. During the drought in Heilongjiang Province this year, cultivated land in state-owned farms was not as hard hit as in the rural areas. This is because in recent years, the farms employed large tractors to deep plow large areas

and preserve the moisture of the soil. Besides, farming by separate households require unified mechanized service. This two-tier system of operation cannot do without agricultural mechanization. In short, we cannot divorce the family contract system of responsibility linked to production from agricultural mechanization, nor polarize the two and narrow the people's thinking, so that they view the family contract system as important and agricultural mechanization as unimportant. This view is lop-sided.

Of course, China has a large population, and its per capita cultivable area is relatively low. Our level of economic development is not high and it is very uneven. Especially since the 1980s, the vast countryside has implemented the family contract system of responsibility linked to production and farming is carried out by separate households. Under such conditions should we continue with agricultural mechanization? If the answer is yes, how? There are diverse views on these questions. To me, the answer lies in Mao's words many years ago: "The fundamental way out for agriculture lies in mechanization."

At present and for a rather long period of time to come, agricultural development in China faces a stern situation. The crux of the problem is the tension between the ever rising demand for, and supply of agricultural products. Since the 3d Plenary Session of the 11th CPC Central Committee, agricultural production has been radically increasing. As mentioned above, this is due to numerous factors, the chief of which being the stimulation of the peasants' initiative by reform. However, the peasants' initiative alone is not enough to promote long-term and steady agricultural development, raise our ability in agricultural production (especially grain production), and resolve the tension between supply and demand. The ultimate resolution of the problem lies in raising the level of agricultural productive forces, which includes advancement in agricultural science and technology, improvement in agricultural production conditions, upgrading the quality of peasants, as well as agricultural mechanization. We are talking about overall production ability. Before this ability is strengthened, it is difficult for agriculture to depart from its dilemma. We often say that agriculture should be elevated to a higher level, but we do not realize the fact that our overall agricultural production ability is only this high and that our grain production hovers in the neighborhood of 800 billion jin. Whether agricultural development has staying power and whether grain production can be elevated to a higher level mainly depends on raising the overall production ability, and not just on pointing out the importance of agriculture.

From the long-term perspective, China's agriculture must ultimately be modernized. Without agricultural mechanization there cannot be agricultural modernization. The former is an important ingredient for the realization of the latter. Only with it can we efficiently complete the transformation of agricultural technology with good results, raise both land and labor productivity,

and guarantee stable and high agricultural yield. Therefore, we should not at any time waver in our efforts to gradually realize agricultural mechanization.

Actually the vast peasants have a great deal of initiative in the realization of agricultural mechanization. Although developed, less developed, and poor districts vary in their needs for agricultural mechanization, taken as a whole their needs have been continuously increasing. In the past decade of reform, the total growth of power of agricultural machinery has exceeded the grand total of the previous 30 years put together. This fact adequately illustrates that it is not that "contracting output quotas to households with the production team conducting unified accounting leaves no prospect for agricultural mechanization," rather agricultural mechanization possesses realistic conditions and good prospects for development. We should not turn pessimistic or even lose our confidence just because production of agricultural machinery in recent years has been affected or even declined. Such a decline can be attributed to many factors and is definitely a temporary phenomenon. With the gradual implementation of the policy formulated by the party central and the State Council which slants toward basic industry such as agriculture, with the continuous raising of the status of the agricultural base, and with the increasing development of the rural economy, China's agricultural machinery industry and agricultural mechanization will further develop.

Of course, agricultural mechanization still confronts many problems, some of which are imperative. They are: The performance of the agricultural machinery industry; the renewal and transformation of medium and large agricultural machinery and mechanical irrigation and drainage equipment; funds to promote research in agricultural mechanization; supply of diesel oil for agricultural use; supply of steel at low prices for the agricultural machinery industry; supervision and administration of agricultural machinery, etc. These problems fall into three groups.

The first group includes problems that have been resolved, but whose new measures have not all been put into practice. For example, the State Council issued statements twice, this year and last year, with definite stipulations on the supervision and administration of agricultural machinery. The Ministries of Agriculture and Public Security have also reached a consensus on it. At present, 11 provinces and municipalities have done as the State Council required and delegated their agricultural machinery administration department to be responsible for supervision and administration of safe use of tractors, including issuing of certificates. However, some provinces, municipalities, and autonomous regions have not done so. I think the resolution of this problem lies in adhering to the instructions stated in the documents. I urge these provinces, municipalities, and autonomous regions to seriously and thoroughly implement the resolutions of the State Council.

The second group comprises of problems that can be resolved as soon as possible after coordination by the State Council. An example is the supply of diesel oil for agricultural use and that of steel at low prices for agricultural machinery industry. From 1978 to 1988, the total power of agricultural machinery in China had grown by 1.26 times, with an average annual growth rate of 8 percent; but the supply of cheap diesel oil for agricultural use had increased only by 440,000 tons, which was a total increase of a mere 5.36 percent. From the perspective of agricultural development, diesel oil for agricultural use should increase each year, and even if difficulty is encountered here, by no means should there be a decrease. In the last quarter of this year the supply of cheap diesel oil for agricultural use has been reduced by 19 percent of the yearly supply. Agricultural production during this winter and the coming spring are being seriously affected and response from all places has been strong. Without an adequate supply of diesel oil, irrigation and plowing will be hampered. What can be done about agricultural production next year? We can try to save in other aspects, but must try every means to guarantee an adequate supply of diesel oil for agricultural use for this winter and the coming spring so as to ensure a good harvest next year. If even the most imperative problem in raising agricultural output cannot be resolved, how can we still talk about attaching a great importance to agriculture or putting agriculture as the priority? These words will be just empty talk. The supply of diesel oil for agricultural use must not be interrupted. It must be guaranteed with every possible means. No more empty talk. There is also the question of increasing the supply of steel at low prices so as to ensure the production of agricultural machinery. Not only is there now no increase in supply of low-priced steel; on the contrary, there is a decrease. This is incomprehensible. It should be stipulated that the total supply of low-priced steel in 1989 for the production of agricultural machinery is not reduced. Moreover, on this basis departments at all levels responsible for supply of material resources should gradually increase the supply.

The third group refers to problems that are difficult to resolve for the time being and require further study. Examples are the renewal and transformation of medium and large agricultural machines, and irrigation and drainage equipment, the efficiency of agricultural machinery industry, and funds for expanding research on agricultural machinery. These problems involve many departments and cannot be resolved in a short time. They require further study. There is the question of pricing in the production of agricultural machinery. The irrational pricing at present, especially that of whole sets of agricultural machinery, must be gradually brought to a reasonable scale. Next is the question of renewal and transformation of agricultural machinery and irrigation and drainage equipment, which cannot be scrapped once and for all. The problem must therefore be resolved. In terms of the total amount of agricultural machinery, the main issue now is not how much to increase, but renewal and transformation. Pilot studies should be conducted in

the farm system to find out what should be done. Each province should also conduct different pilot studies so that this problem can gradually be resolved.

Agricultural Program Results Termed 'Remarkable'

OW2712123689 Beijing XINHUA in English
1118 GMT 27 Dec 89

[Text] Fuzhou, December 27 (XINHUA)—The 1,200 agricultural development programs funded by World Bank loans since 1986 have had remarkable results.

More than 90 percent of the 42 million in special drawing rights (SDR), about 50 million U.S. dollars, allocated by the bank have been used in agricultural development.

This includes the establishment of 505 projects to plant fruit trees over an area of 13,000 hectares, and the construction of 621 fish ponds, on an area of 8,666 hectares.

Fifty-six aquatic products cold storage plants and forage plants and 18 feed lots for 200,000 layers have also been erected.

Most of the programs made profits in the first year of operation.

About 60 percent of the eggs in Fuzhou's market were provided by these feed lots for layers.

In 1986, 2,475 tons of prawns were bred producing 49.51 million yuan of output value, and earning 11.88 million U.S. dollars in foreign exchange.

In the past four years, 170 million U.S. dollars worth of prawns have been exported.

Most of the loans for these projects have been repaid or are about to be repaid, the total number reached 70 million yuan in the province.

Since 1984, the Agricultural Bank of China has received a total of 335 million U.S. dollars in loans, which were distributed to Guangxi Zhuang Autonomous Region and Fujian, Hunan, Yunnan, Guizhou, Sichuan and Henan Provinces.

The money has been used to establish 5,000 agricultural development programs.

Water Resources Minister on Conservancy Progress

OW3112082089 Beijing XINHUA in English
0753 GMT 31 Dec 89

[Text] Beijing, December 31 (XINHUA)—The water conservancy campaign that began when winter set in is still in full swing despite freezing cold in most parts of the country, according to sources at the Ministry of Water Resources.

In the 45 days up to the end of November, 800 million work-days had been spent on those projects in China's rural areas. Low-yield farmland totalling 1.5 million hectares had been improved and soil erosion had been brought under control on 3,900 square kilometers.

Minister of Water Resources Yang Zhenhuai stressed that the campaign is aimed not just at immediate results and should be carried on with sustained efforts.

Conservancy Projects Examined

HK2612091189 Hong Kong LIAOWANG OVERSEAS
EDITION No 50, 11 Dec 89 p 1

["Letter from Beijing" by Bao Xin (3637 0207): "Is a 'Great Forward' Being Promoted in the Chinese Countryside?"]

[Text] Dear Brother,

A mass fervor of capital construction and reconstruction of agricultural irrigation and water conservancy projects on China's farmland, of a kind not seen for quite some years, has been promoted since autumn 1988. This is a concrete step toward safeguarding China's agricultural production. However, a number of correspondents from foreign news agencies said: "Seeing these projects, Chinese people at grass-roots level recall the sort of catastrophe resulting from the last 'Great Leap Forward.'"

Are Chinese people so stupid as to follow the same old disastrous road? History, I guess, has moved forward into a completely different era. Whoever desires to drive peasants into a formalistic mass movement simply by administrative commands will find it hard to "move" peasants today. This is because older peasants, over 50 years of age, still remember the disaster of the Great Leap Forward, and younger peasants, 20 or 30 years of age, will refuse to repeat what their fathers foolishly did in a situation in which they had little choice, despite knowing that the work was hard and would yield little useful result.

Then how could the current fervor of peasant capital construction be promoted and spread all over the country? I have to tell you the story from its beginning. Since 1978, when the countryside began to implement the family contract responsibility system, farmers have been actively engaged in cultivation of their own pieces of land, and the rural economy has been better than ever. But because of this family contract system, the water conservancy and irrigation facilities, originally built by collective-owned or state-owned units, were left unattended, and were seriously eroded over the years. This, together with the impact of drought and flooding, caused many areas to suffer a fall in production. For example, the Province of Shandong has been drought-ridden for 10 consecutive years, and has had over 5 million mu of fields abandoned. Three other provinces in northeast China harvested grain crops 5 billion catties short of the planned target, all due to the calamity of serious drought. The situation urged the peasants to voice their desire to

governments for the regulating of water resources. As their desire became stronger, their voice grew louder. The peasants of Liaoning province, where floods and drought were frequent, said: "We shall elect candidates who can lead us to tackle mountains and waters to be our mayors and village administrators." This explains how eagerly the peasants anticipate turning the tide away from the situation government helplessness in the face of floods and drought. Shuangchengbao, a village in Liaoning Province with a workforce of 5,000, had 4,500 laborers lining up for kilometers to repair dikes and ducts. Villagers commented that when work is divided and given to families, a family need only care about its own patches of field. No communication is necessary between families, and irrigation projects are not carried out in a coordinated way. When drought struck the area, "people became worried in the field, whereas water flowed away in the rivers." Experience demonstrated that people must be organized and finance must be centralized in order that people will be willing to provide capital and labor for water projects. This year the villagers invested 1.6 million yuan in capital reconstruction, about three times the State's share. Peasants in Hebei, Shanxi, and on said, "in the years of 'Great Leap Forward' and 'learning from Dazhai,' we worked for the leaders' benefit. Now we are working for our own or our group's benefit. Of course we know what we are doing."

After 10 years of reform, Chinese peasants have the right to decide on their own actions, and now talk only about reality and benefits. There are millions of mu of dry yet cultivable land in China's north, suitable for artificial irrigation. The farmers in Xincheng County, Henan Province, created an in-field underground plastic piping irrigation system that saved 39 percent of water, 34 percent of electricity, and 1.7 percent of agrarian land when compared with an open-duct irrigation system. Because of technological impetus such as this, the peasants of this county became the main force in water construction projects. Last year the county buried 30,000 meters of plastic piping, and plans to add 25,000 meters more this year. In Hubei Province, near Hong Hu and Qian Jiang, a large area of marshland lacked pumping facilities, and rice could be planted in only one season. The state waterworks departments came in last year to experiment with soil-drainage, after which the planting period was extended to cover two seasons, hence increasing production considerably. Peasants were able to see the waterworks as a task of a single investment to reap multifold harvests. Many of them requested those departments to direct them again in building more drainage projects. Since the beginning of water, hundreds of thousands of peasants from over 10 counties have volunteered for more waterworks construction.

Besides peasant volunteers, governments at various levels have also contributed contingency money for waterworks. Shandong Province decided to invest 140 million yuan this winter and next spring. Hubei, Guangdong, and Anhui Provinces each set aside additional budgets of over 10 million yuan for agricultural waterworks. Governments at various levels have adopted

special policies and measures, such as allowing flexibility in procedures to suit local conditions, seeking truth from facts, profits going to investors, profits going to contractors, replacing subsidies (financial subsidies from local governments) with prizes and awards, and implementing the cumulative labor system. Peasants think that these policies and measures are much more realistic than those in the years of the "Great Leap Forward," and feel happier in their work than ever.

In a country with a 1.1-billion population, the paramount problem is of course to stabilize agricultural production, which might otherwise jeopardize national security. At the 5th Plenary Session of the 13th CPC Central Committee, the new collective leadership placed emphasis on concentrating all resources to improve agriculture. Since steady agricultural production depends largely on the development of waterworks, the new CPC leaders also paid very close attention to water conservancy and irrigation. I sincerely believe that for a heavily burdened country like China, the aforementioned mass fervor in the countryside is the only way to go and is a necessity, and not just for propaganda purposes, as some foreign correspondents have remarked.

Grain Counties Directly Linked to Cities Urged

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[Article by Xia Zhenkin (1115 2182 0981), Liao Danqing (1675 0030 3237), and Chen Wenke (7115 2429 4436): "Establishment of Specialized Grain Counties Directly Linked to Cities—a Line of Thought on Solving Our Country's Grain Problem—edited by Lin Daojun (2651 6670 0689)]

[Text] Our country is a large agricultural country with a population of 1.1 billion. For a rather prolonged period to come, the grain problem cannot be dealt with carelessly, and far less should we say lightly that the "grain problem has been solved." Starting from our country's basic national conditions, and the conditions of the world's grain reserves gradually falling and the stringency in grain production, and taking into consideration the special point that in our country the demand for commodity grain is principally centralized in some 100 large and medium-sized cities and towns, we believe that the direct linking of cities and counties and establishment of specialized grain counties is a precise and workable policy for the solution of our country's grain problem.

I. Contents of the Direct Linking of Cities and Counties and the Establishment of Specialized Grain Counties

The so-called direct linking of cities and counties and establishment of specialized grain counties refer to the establishment of relatively fixed, cooperative relations, having grain supply as the center, between large and medium-sized cities and towns and nearby grain producing counties, and making these counties, with the

effective support of the cooperating cities and towns, truly become specialized grain counties, the grain commodity of which is high in quality and large in production volume. The concrete contents of the cooperative relations between the cities and counties include: 1) The cooperating counties are responsible for stabilizing and protecting and ensuring the quality and quantity of the supply of commodity grain (with the possible expansion to a portion of agricultural products and animal husbandry products) to the cooperating cities and towns; 2) the cooperating cities undertake to refund or return a portion of the grain subsidy (another portion to pay for the management expenses of the grain departments) in the original purchases of commodity grain and a portion of the profits for upward delivery of the industrial departments (mainly the industrial departments using agricultural products as raw materials) to the cooperating counties to help the latter in carrying out expanded reproduction and readjusting the distribution relations of interest between agriculture and nonagriculture; 3) the large and medium-sized industrial enterprises in the cooperating cities adopt appropriate supportive forms and the lateral combination form in expansion and distribution of production and from various sides such as capital, technology, talented personnel, and so forth to aid and cooperate with the counties in the development of industry, commerce, and the building, transportation, and service trades. For example, Wuhan City may be directly linked with the counties (or towns) of Jianli, Honghu, and Jiangshan of the Jiangnan plains of Hubei Province. Based on a population of 3 million residents consuming commodity grain in Wuhan City, for an entire year around 1.8 billion jin of commodity grain (the portion for direct consumption) is needed. The three counties (or towns) each year would deliver about 1.8 billion jin of commodity grain and hence there would be no question regarding the supply of grain to Wuhan. Similarly, in commodity grain supply Shanghai may be directly linked with certain counties in Jiangxi Province (grain transfer from the provinces of Jiangsu and Zhejiang to Shanghai has become increasingly difficult), and Guangzhou may be directly linked with certain counties in southern Hunan Province. This kind of city-county direct link and urban and rural cooperation has four major advantages: 1) Large and medium-sized cities and towns can have a rather prolonged and stable supply channel of commodity grain; 2) Grain-producing counties have a long-term and stable source of agricultural investments; 3) It is beneficial to the formation of collective operation and dimensional operation in grain and to heightening the output rate of grain; and 4) It is possible to promote the specialization in grain production of a small number of counties. This not only can solve the problem of the supply of commodity grain to large and medium-sized cities but can also make the majority of counties refrain from taking again the road of "taking grain as the leading factor" and continue enforcing the coordinated development of agriculture, forestry, animal husbandry, fisheries, industry, commerce, construction and building, construction materials, transportation, and various service trades. This

sort of direct link between cities and counties can possibly, on the basis of consolidating agriculture, form a new type of cooperative relations of reciprocal aid, benefit, compensation, and promotion between the cities and the countryside and between industry and agriculture.

II. Direct Linking of Cities and Counties and Establishment of Specialized Grain Counties Constitute the Correct Choice in Getting Out of Grain Difficulties

At present, the dilemma in our country's grain problem is the supply of commodity grain lagging behind demand. Actual practice in recent years has shown that there are four big categories of contradictions seriously affecting the peasants' enthusiasm for planting grain in the main grain-producing regions:

The first large group of contradictions consists of the contradictions caused by the irrational price of grain and the overly low benefits derived from planting grain in comparison with other crops. The main ones are: 1) contradictions in interest between the base-counties of commodity grain becoming poorer the more grain they plant and the non-commodity-grain-base counties with developed township and town industries becoming increasingly wealthy with the increasing development of their nonagricultural activities; 2) the natural resources of counties serving as commodity grain bases are generally suited to many kinds of activities (such as frequently being suited to planting grain and also to planting economic crops); hence the contradiction between the relatively low income from planting grain and the relatively high income from planting economic crops; and 3) contradictions arising from the uneven distribution of interests between the grain-planting peasant households and non-grain-planting peasant households in the counties serving as bases for commodity grain (particularly when the non-grain-planting peasant households are engaged in township and town enterprises).

The second group of contradictions consists of those arising from the agricultural production conditions becoming daily worsened and the practices of the plundering type of "expanded reproduction" due to the pressure of demand for grain. Because of the disparity in the comparative benefits, not only the extensive masses of grain-planting peasant households, but also local governments at various levels, seeing the small return from agriculture. Moreover, the state (central government), due to industry being in difficulties owing to currency inflation, is powerless for the present to increase its investments in agriculture. The results is deterioration in the production conditions of agriculture and in particular great damage to farmland water conservancy facilities, which are in the stage of so-called "eating up their old capital." The grain production conditions of the broad masses of grain-planting peasant households can only become the maintenance of a kind of very simple reproduction. For the sake of ensuring that aside from providing sufficient grain for themselves, they still can have a surplus to meet the tasks imposed by

the state in the form of fixed purchases of grain, they cannot but resort to various operational forms of a plundering type of so-called "expanded reproduction." Obviously, this type of "expanded reproduction," taking the form of "draining the water from the pool to catch the fish" can cause enormous damage and cannot continue for long.

The third large group of contradictions consists of those between small production of the family type and the large-scale demand of society. For a long time, quite a considerable portion of the commodity grain needed every year by the large cities and towns in our country has come principally from the thousands and thousands of grain-planting peasant households in the commodity grain base areas. In this type of grain household (also called specialized households) and the specialized villages they have formed, whenever the small production method depended upon meets with natural calamity, grain production decreases greatly, and as a result the motivation to plant grain cannot be high and the fluctuations in the supply of commodity grain are rather great. If, in the whole country, a large number of base areas for large-scale grain production, such as the large and medium-sized state-run farms or specialized grain villages should be lacking, then for a rather prolonged period of time, it would be difficult to ease the contradiction in grain supply and demand.

The fourth large group of contradictions consists of the contradictions arising out of the rather great elasticity in the supply of grain and the rather low elasticity in the demand for grain against the backward conditions in the grain storage and transport facilities in our country. At present, grain production in our country can be neither low nor high; if too low, then shortage follows, but if too high, then both storage and transport will be difficult. Hence, this can easily produce periodic fluctuations in the production volume of grain.

There are only three ways to solve the above-mentioned four categories of contradictions and to effectively arouse enthusiasm for planting grain on the part of the broad masses of peasants and make them willing and happy to shoulder the big task of providing commodity grain for the over 100 large and medium-sized cities and towns in the country: 1) Raise the prices of agricultural and sideline products and reduce the scissors differential between industrial and agricultural products; 2) Let the governments at various levels take the lead in increasing the investment input in agriculture; and 3) readjust the interest distribution relations between agriculture and nonagriculture in the rural villages. Comparing the three methods, the first is difficult to enforce at present, while the second and third methods are feasible but there may still be difficulties. First, the principal important body in increasing investment input in agriculture at present cannot possibly be the state (because it is financially powerless to make more investments), nor the peasant households (they will feel that they will be too much on the losing side), and thus the burden will fall on the

shoulders of the local governments at various levels. This requires arousing their initiative and activism in investing in agriculture.

Second, in readjusting the interest relationship between agriculture and non-agriculture, industry's subsidy to agriculture cannot be confined to one village or the countryside only, but should be enforced in a county or on an even larger scale. The enforcement of a direct link between the large and medium-sized cities and towns and the grain-producing counties generally can solve the above-mentioned difficulties. Seen from the side of the cooperating cities, returning a portion of the grain subsidy and industrial profits to the cooperating county supports agriculture and they themselves have no increased burden and, moreover, profits can be attained through reducing the number of intermediate stages in the inward transfer of grain and procuring the grain supply on time. Seen from the side of the cooperating counties, their direct receipt of a portion of the grain subsidy and industrial profits is equivalent to increasing their investment in agriculture. This sort of cooperation, which benefits both the cities and the countryside, as well as industry and agriculture, is in essence using industry to subsidize agriculture and industry to build agriculture on an even larger scale.

III. Several Problems Needing Solution

1. Problem of understanding

a. Direct linking of cities and counties is different from the cities guiding or leading the counties.

First, the principal manifestation of the direct linking of cities and counties is a kind of economic relations in contractual form, and it includes no administrative relationship. (the prerequisite of cities guiding or leading counties is the cities controlling the counties).

Second, cities guiding or leading counties is confined to counties in the neighborhood of cities, and the counties may, or may not, be commodity grain bases. But the counties in the direct linking of cities and counties must be commodity grain bases and hence may be either in and around the cities or far away from the cities.

Third, the two kinds of counties play different roles in relation to the cities. The counties guided and led by cities generally play their role as bases for subsidiary food products for the cities, whereas in the case of direct linking between the cities and counties the latter generally perform the role of commodity grain bases.

If it is said that the direct linking of cities and counties is also version of cities guiding or leading the counties, then it can only be said that this is cities guiding or leading counties on a much larger scale and cities guiding and leading counties without administrative subordinate relations.

b. The establishment and development of specialized grain counties is an important mark of the prosperous development of rural commodity economy.

Seen from the specialized grain counties, themselves, they may possibly be engaged in a kind of "unitary grain planting," but because of their being commodity grain bases and, in accordance with the demands of the agricultural regional division of work on a nationwide basis, enforcing the specialization, centralization, and socialization of grain production, their labor productivity rate is high and both their commodity rate and commodity volume are high, and compared with the counties which are large and comprehensive or medium-sized and comprehensive, their grain production costs are low, while the benefits are high. Hence, this type of county being counties which are developed in specialization and commercialization, we should not consider them as not being developed in commodity economy just because their township and town enterprises are for the time being still undeveloped. Our county being in the initial stage of socialism, if we do not establish and develop a number of specialized grain counties, then the rural economy and the entire national economy will lose its foundation for development.

2. Problem of policy

a. The state should support the local governments in adequately raising grain prices in the relevant localities so as to give back to agriculture a portion of the industrial profits. In essence, this is an intermediate form of regulation and readjustment (Guangdong, Suinan, and some other localities have already adopted this form).

b. The state should employ preferential policies in various forms, including increases in investments, reductions in taxes, increases in loans, the provision technology, and so forth, to protect and support the specialized grain counties and grasp the formation of specialized grain counties in the same way as it has grasped large and medium-sized industrial enterprises.

c. The state and the local governments should go all out in supporting the growth and development of industries for farm use such as small chemical fertilizer industries and small farm-medicine industries.

Article Views 'Double-Track' Grain Purchase

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[Article by Fan Jianguo (2868 1696 0948) edited by Liu Qichang (0491 0366 2490): "An Analysis of the "Double-Track" Purchase System of Grain"]

[Text] Conversion of the state's purchase of grain from unified purchasing to the "double-track" system has played a definite promotional role in opening up the channel of grain circulation, arousing the peasants' enthusiasm for production and activating the development of the commodity production of grain. However,

seen from the actual practices in recent years, many problems exist. The writer wishes here to offer some of his views thereon.

I. Defects of the "Double-Track" System

The so-called grain purchase "double-track system" principally refers to the system in practice whereby in the contract enforced by the state in grain purchasing, fixed purchasing, and market negotiated purchasing go hand in hand. Its real essence is: In the fixed purchasing portion of the contract, the grain price is fixed by the state while in the negotiated purchase portion it is regulated by the market. In actual practice, the main defects of this system are:

1. It is the hotbed for the breeding of "people indulging in buying and reselling for profit. Following the stringent situation in grain supply in recent years, the price of grain outside fixed purchase has been extremely slow, and the disparity between parity and negotiated prices has steadily been widened. This has given the profiteers in grain reselling a good opportunity. Seeing that the handling of grain is a profitable trade, certain non-grain departments have openly dealt a hand in the grain business and taken advantage of the "double-track" system; some departments, employing legitimate measures, first purchased grain from the state grainery at parity prices and resold them at negotiated prices; some business units or individuals with a definite economic strength would offer prices slightly higher than the parity prices to purchase grain coupons and subsequently use the grain coupons to purchase grain from the state grainery at parity prices for reselling; some peasants would purchase from the state grainery rural relief grain at parity prices and then resell the grain at negotiated prices; what is even worse is that certain units dealing in grain would cooperate with each other both externally and internally and would just offset in the account books the purchases and sales without going through the actual transactions, and then divide the earnings among themselves.

2. It affects the fulfillment of the state's fixed purchasing plans. The fierce onslaught of the market negotiated purchase on the fixed purchasing breaks the peasants' longterm traditional concept on "payment of the national grain tax and levy is a 'must' and has been so through the various dynasties," thus making it difficult to fulfill the state's task of making fixed purchases of grain. The original purpose of the state adopting the "double-track" system in grain purchasing was that through fixed purchases the state could steadily hold a fixed source of grain and thus ensure meeting the basic livelihood needs of the urban residents, and that through negotiated purchases the surplus grain in the hands of the peasants could be put onto the market track so as to increase the peasants' income. However, following the strengthening of the peasants' concept of the commodity economy, the concept on this "mandatory planning" of fixed purchase of grain has been weakened daily and the

conflict in-between the "two tracks" has become increasingly obvious. Some of the peasants resorted to the method of reporting less than their actual output, avoided the performance of the fixed purchase tasks, stored up the surplus grain, and waited for an opportunity to dispose of it at a higher price in the market. Many of the peasant households who had faithfully performed the task of fixed purchases found that their counterparts who had failed to do so were allowed to go unmolested and then proceeded to follow suit. Result: There was an increasing number of peasants who failed to perform their part in the fixed grain purchases.

3. It affects the economic results of the grain enterprises. In recent years, the state prescribed that the various localities should enforce the purchase, sale, and adjustment of grain at parity prices to be reinforced by financial contracting, and that in the event of non-fulfillment of the fixed purchasing tasks, local finances should bear the cost of converting the negotiated prices into parity prices. However, due to the limited financial resources of local finance, the portion of the gap in the fixed purchases was usually made up by the grain departments themselves paying for the cost and this meant putting a heavy burden on the enterprises. It is true that enterprises handling grain at negotiated prices can earn certain profits, but because of certain units not bearing the burden of the state's fixed purchasing tasks raising the prices to make crash purchases, the negotiated price grain purchased by the grain departments was only sufficient to make up for the deficit portion of the fixed purchase grain and basically left no more negotiated price grain for the market. II. Necessity of enforcing the "double-track" system is by no means an ideal grain circulation system. But at the present stage, its existence cannot be refuted, the reasons being:

First, enforcing the "double-track" system, through stabilizing a certain sector, can ensure the state's necessary supply at parity prices and ease up the contradiction due to the insufficiency in financial power. Our country abolished the unified purchasing and marketing of grain in 1985. It was in that year that because of natural disasters and various other causes such as laxity in the policy on the occupation and use of cultivated land that grain production showed signs again of lagging behind. But as a result of the enforcement of the "double-track" system with contractual fixed purchase as the nucleus, the state managed to continue to hold a fixed source of grain and ensure market supply. Under the conditions of grain production in our country not being well developed, circulation of grain still lacks the condition of being fully de-controlled, and enforcement of the "double-track" system has the advantage of, to a definite extent, easing the contradiction between national finance on the one hand and grain production and grain consumption on the other.

Second, through various channels of free purchases and sales, and price regulation through the market mechanism, enforcement of the "double-track" system can enable the peasants to derive a definite increase in their

economic benefits. In particular, under the conditions of grain production failing to make any headway, it can to a definite extent solve the difficulty of purely relying on national finance to incur expenses in developing grain production and enable those people producing, handling, or consuming grain to each have their own way. It thus can open up the road to set up a new grain and edible oils market mechanism and inject a dose of vitality into the further development of the rural economy.

In addition, enforcement of the "double-track" system also can enable the state to reduce a portion of its financial outlay, maintain the stability in the prices of consumer goods, check and restrict currency inflation, conform with the economic ability to bear on the part of the urban population, and thereby provide a suitable environment to the reform and construction.

As Premier Li Peng once pointed out: "Ours is a big country with a huge population; the per-capita grain level is very low. It is possible that the grain "double-track" system will continue in existence for a number of years from now on. The writer, through actual practices for several years in the "double-track" system and based on the thought of ensuring the development of the positivism for grain production on the part of the localities and the peasants to start with as a consideration, initially thought of the following two counter-measures for the reform:

1. Unifying the "two tracks" into one, and carrying out a mixed purchase price, that is, combining the track for fixed purchase and the track for negotiated purchase into one, principally aiming at a combination of the prices. The new purchase price should be formulated on the basis of the current guiding price of the state giving due preference to the current market condition. In the purchases the state makes a unified enforcement of this price. The price takes the county as the unit. Planned control and management is enforced. Units below the county level will handle purchases only and do their utmost to purchase the quantity of grain that should be

purchased. Meanwhile, the state adopts a preferential policy vis-a-vis grain purchases, such as offering parity prices for chemical fertilizers, diesel oil and so forth. The parity prices may be directly quoted and offered as open subsidies to the fixed purchase price so that the peasants may obtain obvious and actual benefits.

2. Opening up on all sides and directly changing the underhand or secret subsidies to open subsidies, that is, employing the law of value, smoothing out the whole grain pricing system, replacing the "double-track" with the "single-track", and establishing the grain circulation structure of exchanging at equal value. Opening up the grain market make take two steps. The 1st step is perfecting the taxation system. The state, through appropriately readjusting the rate of the agricultural tax, enforces an all-around collection of the agricultural tax in kind, fixes the tax collection base figure according to the grades of the farmland, incorporates the peasants' obligation of selling the grain at a low price as per the fixed purchase agreement into the agricultural tax, and separates the obligation which the peasants should perform from exchange at equal value in the market. In the 2nd step, the state may, before the start of the grain year, sign a purchase agreement with the peasants, and negotiate with the peasants a fixed price on the basis of the market price of the preceding year and the anticipated price of the current year. This may be done once a year or once every several years. After decontrolling the purchase price, the secret subsidies should be changed into open subsidies in the grain sales and a grain and edible oils subsidy at parity prices should be added to the salaries and wages of the staff members and workers, while the supply of mouth grain to urban residents should be on a fixed quantity basis and not on a fixed price basis. Such a supposition should be first tried out in regions which possess the necessary conditions, and after the successful experiences have been obtained, it should be expanded with great caution. It will surely play an active and promotional role in the establishment of a socialist grain market and the further establishment of a new order for the commodity economy of the entire society.

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